

NATION'S BUSINESS

NOVEMBER • 1932



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Taxes

How "Soaking the Rich" Soaks the Poor

Railroads

What federal control has done for them

Profits

How some firms have continued to make them

Unemployment

Making reduced pay rolls do extra duty



PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE
MERLE THORPE, Editor





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Anheuser-Busch, Incorporated, employed Stone & Webster Engineering Corporation to design and build its recently completed yeast manufacturing plant at Old Bridge, New Jersey. Special process engineering peculiar to the industry was taken care of by the client's engineering department. This plant embodies every latest device for assuring purity of product and efficiency of operation.

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NATION'S BUSINESS for November



VOLUME 20

NUMBER 11

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Poor Puss

"He bent his bow to shoot a crow and killed poor puss in the window." The inept marksmanship memorialized in this scrap of early American folk lore has a modern parallel. Samuel Crowther describes it in his article beginning on page 16. Legislators are the bowman, their arrows are taxes which they aim at the rich. Unhappily, like the storied crow, the rich escape and the poor play the part of poor puss. Just why this condition exists and must always exist makes an informing study in applied economics.

Kiplinger

After a month's absence, our Washington observer returns to the magazine with his usual sapient comment on current business and politics. His notes, gathered in the center of activities at the height of the election campaign, have more than the usual importance this month. Although we urge you not to accept his views as gospel, we do feel that you can read them to advantage. The careful opinions of a trained observer, they should clarify your own thinking and aid you in judging the future.

Distribution

We introduce a new feature this month, inspired, more or less, by the continuing interest in the page,

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"No Business Can Escape Change."

We are attempting to present new developments in the field of distribution just as Mr. Hayward has presented new developments in the field of manufacturing and science. The new feature makes its bow on page 22. We believe you will like it.

Unemployment

You have frequently heard that this depression differed from previous ones because of the active efforts of business to protect workers against the hardships of unemployment. In an effort to find out exactly what was done along this line, NATION'S BUSINESS gathered a symposium from a number of firms in varied industries. Their replies, collected in an article beginning on page 23, reveal, not only a uniform interest in the employee's welfare, but considerable ingenuity in keeping as many as possible on the pay roll.

Railroads

Railroads were the first industry to be singled out for experiments in government regulation. In the beginning the idea was merely to maintain equitable rates. Today that purpose has grown until railroad management is fettered at every turn by rules and stipulations. In an article beginning on page 28, Mr. Thorpe explains what this regulation means to the railroads and to those who hold railroad securities.

MERLE THORPE, Editor and Publisher

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SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00; Canada: Three years, \$9.00; one year, \$3.50. Please notify us promptly of change of address.—Nation's Business, Washington, D. C.

Corporations CAN have souls and hard heads too

ONE example of the typical American corporation's fairness is the spread of employee pension plans. Yet in taking so progressive a step the corporation should use hard-headed business sense and keep cost at a minimum.

A pension is, of course, a form of life annuity. It is akin to life insurance in that it is based on the probabilities of life. Proper planning demands the same actuarial science which has been developed through three generations of experience by insurance companies.

Without obligation you may secure helpful information on this subject. Learn how the insurance company will guarantee the safety of the pension reserve funds and the adequacy of their yield. In addition it handles all details incidental to the investment of the funds, computes rates of contribution by employer and employee, disburses periodical payments to pensioners, pays death benefits, makes refunds for terminations and withdrawals, and is responsible for many related matters.

An inquiry will bring some useful data prepared by a company which has pioneered in this field.

THE EQUITABLE

FAIR — JUST

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SECURITY — PEACE OF MIND

SOCIETY

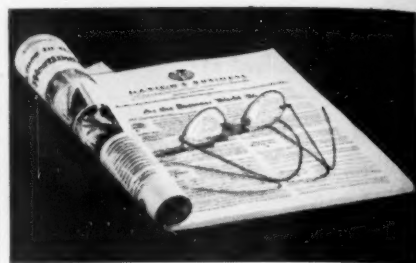
MUTUAL — COOPERATIVE

OF THE U.S.

NATION-WIDE SERVICE



Address Thomas I. Parkinson, *President*, THE EQUITABLE, 393 Seventh Ave, New York, N. Y.



Through the EDITOR'S SPECS

ON the road most of the month. Fifteen nights on a sleeper. Hobnobbing with salesmen. More salesmen on trains and in hotels than usual. A good sign. Noted some old-time resourcefulness in selling. A bank vault salesman is doing most of his business now with chain stores, he says, which need day-time protection as well as night-time.

Everywhere evidence of a better feeling. Better feeling analyzed means what? Simply, more hopeful as to the future, which, in turn, means less fear as to what tomorrow will bring, which, in turn, means more activity through chance-taking. Therefore, *q.e.d.*, better feeling is a good sign. In fact, many astute calm-headed men think it the best factor in three years.

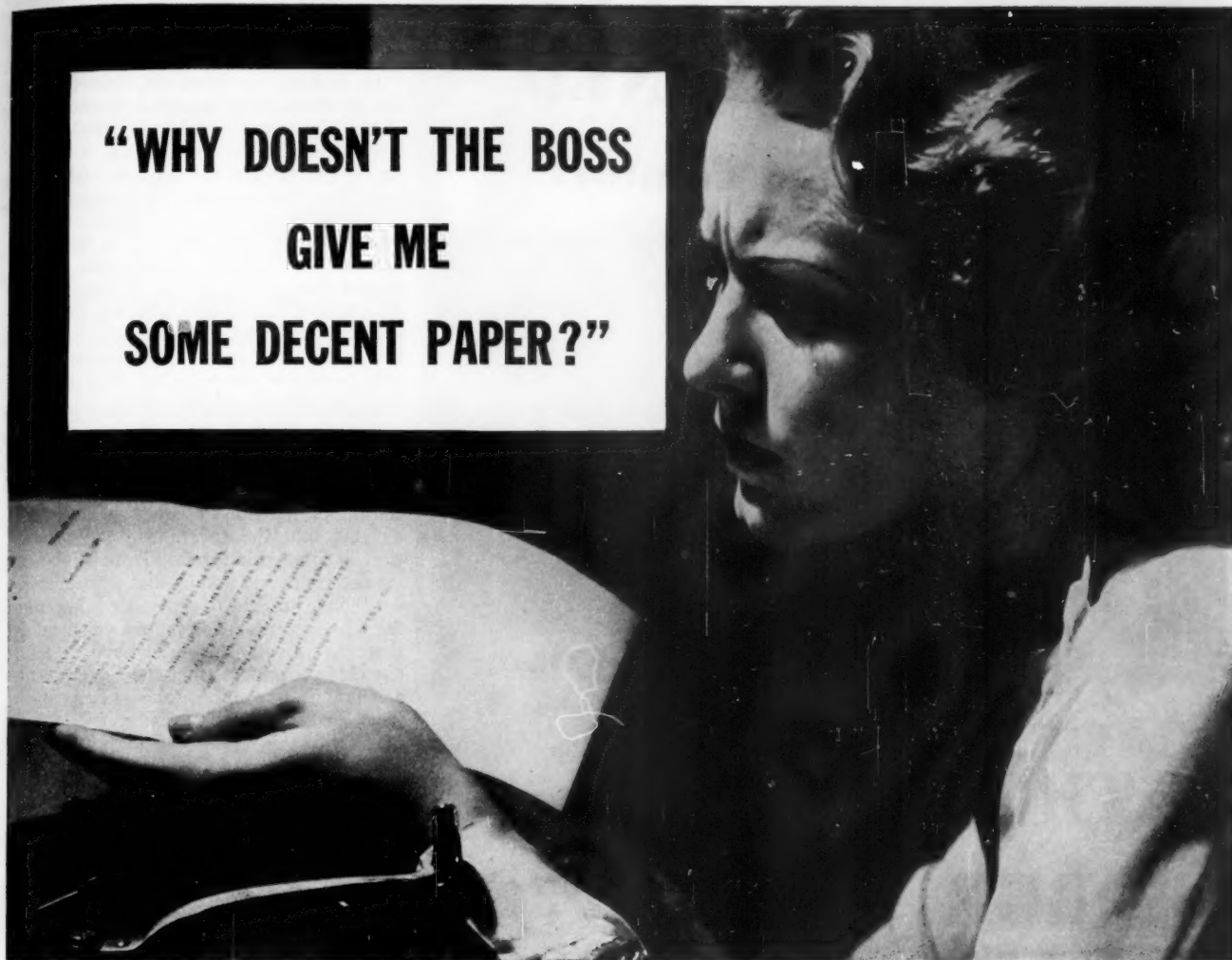
Smoking-room talk, mostly politics, usually leading up to the query, "Will So-and-So's election retard recovery?" The old fear dies hard. If normal living could get one-tenth the word-of-mouth advertising that the fear of abnormal conditions gets, what a change it would bring.

ONLY one man on the entire trip who positively could not be led into a discussion of "what might happen." He took as his thesis that his business was just as good as he ought to expect, that he was going to make it better, that he had a profit—small, to be sure—in sight, and that some day people would get their nerve back and business activity would speed forward; and when that time came, he'd be there, ready for it. He, the president of a fairly good-sized concern, was out on the road sandwiching a little selling in between his executive duties.

NEXT to politics the talk was of taxes. What a change has come about in the last two or three years. Today everybody knows something about governmental expenditures, extravagances and the high cost of all government. Some, for the first time, have begun to translate taxes into terms of public activities, and, Glory be! some—only a few as yet—are beginning to discuss such activities on the basis of whether they are *proper* things for government to engage in. Who knows, maybe this increased interest on the part of the individual is the saving grace of democracy. If we see clearly and understand fully, we may be in time to save the ship.

CERTAIN it is that the individual citizen is reading news of government activities

**"WHY DOESN'T THE BOSS
GIVE ME
SOME DECENT PAPER?"**



SOMEWHERE in this young lady's organization sits a man happy in the belief that he has saved money for his firm by ordering a stock of letterheads on cheap bond paper.

But if he would spend an afternoon standing at this girl's desk, watching the letterheads being thrown away because letters have to be retyped entirely for one or two mistakes—and if he estimated how much her wasted time is worth—then multiplied that by the number of stenographers . . . but why go on?

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typed or rewritten over such erasures neatly—without spoiling the appearance of an entire letter.

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And yet Hammermill Bond's new "premium quality" costs no more than ordinary paper.

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NEW! Idea Kit . . . personalized for your business

Something handy to keep for reference. An Idea Kit made up of commercial printing suggestions to fit your particular business . . . and save you time, trouble and money. Cover imprinted with your name to identify the Kit as your own. Filled with printed specimens of New Hammermill Bond, in white and 13 colors.

Fill out coupon, then attach to your business letterhead (mention your line of business if not printed on the letterhead) so we may select suitable material. (Sent free anywhere in the United States. Outside of U. S. A. 50¢.)

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The comfort that air-conditioning brings to The George Washington is just as real in winter as during the hottest weather. The genuine air-conditioning system built into every car circulates *tempered, refreshing* air no matter what the temperature.

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And, certainly, the cleanliness of this air-conditioned train is just as welcome in winter as at any other season. Cinders, dust, dirt are no better traveling companions in December than in July.

So—remember through the winter, too, that The George Washington is completely air-conditioned. Remember, also, that you pay no extra fare!



WESTWARD (Read down)

6:01 PM Lv. Washington
8:45 AM Ar. Cincinnati
10:50 AM Ar. Louisville
10:45 AM Ar. Indianapolis (Big Four Ry.)
3:00 PM Ar. Chicago
4:45 PM Ar. St. Louis

EASTWARD (Read up)

(EST) Ar. 8:30 AM
Lv. 6:01 PM
(CST) Lv. 1:30 PM
Lv. 2:10 PM
Lv. 10:05 AM
Lv. 9:04 AM

CHESAPEAKE and OHIO

When making reservations on THE GEORGE WASHINGTON please mention Nation's Business

more critically and intelligently. I pick out of my memory a half dozen instances which were called to my attention by readers and visitors during the past month:

Lt. Col. U. S. Grant, 3d, Director, Office of Public Buildings and Public Parks of the National Capital, was called before the Shannon Committee, which is investigating government competition with business. The discussion was on restaurants in federal buildings. Colonel Grant justified his refusal to give information as to these restaurants to a business organization on the ground that he did not feel he should give information to someone who was going to use it against him. The comment was that things are reaching a pretty pass when public servants refuse to tell their masters how the money is being spent.

ANOTHER item: The president of the Washington Division of International Association of Machinists issued a statement denying that the government navy yards were in competition with private shipbuilding enterprise and adding that private shipyards have no right to expect anything from the Government. The obvious comment is that the private shipyards have at least one thing to expect from the Government, and that is a receipt for their taxes, which taxes go to keep up the Navy.

A GROUP of citizens from the Middle West came in so mad they were spitting cotton. They had come on to Washington to find out why the delay in certain permits for construction work. Money had been provided by county and state, all that was needed was permission to go ahead. After three days the local committee found itself in the presence of a federal official who listened to their story. Whereupon he arose, they said, and, in the manner of one talking to little children, assured them thus: "The government knows best. It will do what is best for you."

WE often forget that our public officials are human and that their skins are as thin as those of the rest of us. All of which was brought to mind by the attitude of the I.C.C. in ordering the Illinois Central to reprint a schedule of freight tariffs because said railroad had used the back page of such tariff to quote a criticism of the Commission. The Commission issued a formal order.

Obvious comment is: Our citizens are no longer permitted to spend their own money criticizing the acts of State when such publication is a part of another publication which is supervised and regulated by government authority.

ALL these are matters from the daily news, and it is heartening to realize that, whereas a few years ago they would have been silently accepted, today they are under the scrutiny of an intelligent citizenry.

TRADE note: The federal government's rat poison plant, which has a mixing plant at Barnstable, Massachusetts, is starting a great selling campaign to market its product in 190 counties east of the Mississippi. The poison will be sold to the farmers at cost,

that is, the cost as figured by government bookkeeping. But, whether at cost or at a loss, or at a profit, shades of our forefathers! the great government of Washington, Franklin, Jefferson, to come to the manufacture and sale of rat poison!

WILLIAM Aisenstein, of Aisenstein-Wor-nock & Sons, Inc., New York City, forwards to us an interesting letter received from Frank B. Kendrick, of West Lebanon, N. H., one of the firm's customers.

Mr. Kendrick says in a postscript:

"This sheet of paper is 130 years old. It was used by my grandfather in his store in Lebanon, N. H."

He also encloses some ledger sheets from that early store. These sheets record transactions for several months in 1824 and 1825. Such old pages are always interesting and these are especially so today when the question of "real wages" takes so prominent a part in business discussion.

The old ledgers show that, in 1824, the standard wage for "a day's work with hand and oxen" was \$1.50. The wage for workmen who had no oxen or whose oxen were not employed ranged from 75 cents down to 50 cents.

Not an extravagant wage, certainly, and yet it was probably sufficient. The ledger shows that eggs were ten cents a dozen; mackerel, five cents a pound; molasses, two quarts for 25 cents; raisins, 12.5 cents a pound and coffee 25 cents a pound. Five and a quarter pounds of butter could be bought for 65 cents.

Dry goods prices varied. A man could buy six yards of shirting for a dollar but linen cost 40 cents for a half yard, and muslin 33 cents for a yard and a half.

Being thus clothed and fed, a man might have something left for the primitive amusements of the time. If he did, he could buy a quart and a half pint of gin for 13 cents; the same amount of West Indian rum for a quarter; a quart of sherry for 15 cents and a pint of brandy for 16.

In his accompanying letter, Mr. Kendrick remarks that "they got good rum and gin" so it is probably a mere coincidence that, immediately after a sizable sale of gin, the old ledger records this sale:

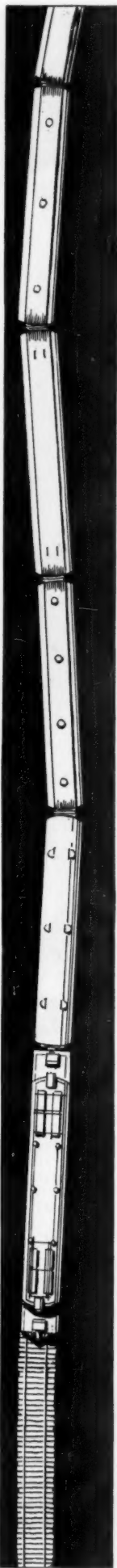
Paregoric.....8 cts.

OUTSTANDING bureaucratic contribution to the general welfare coming to our attention this month:

The United States Department of Agriculture, Bureau of Home Economics, Textiles and Clothing Division, the Textile Chemist in Charge, and Assistant Specialist in Clothing, after research, investigation, surveys, interviews in the home, and questionnaires, report on "Present Trends in Home Sewing." From the bulletin the country learns that "the percentage [of persons] using motor-power sewing machines increases steadily with the increase of the income, and the percentage of those using foot-power machines decreases with the increase in income."

Now, with this highly controversial matter out of the way, the Nation can move on to the solution of some of its lesser problems.

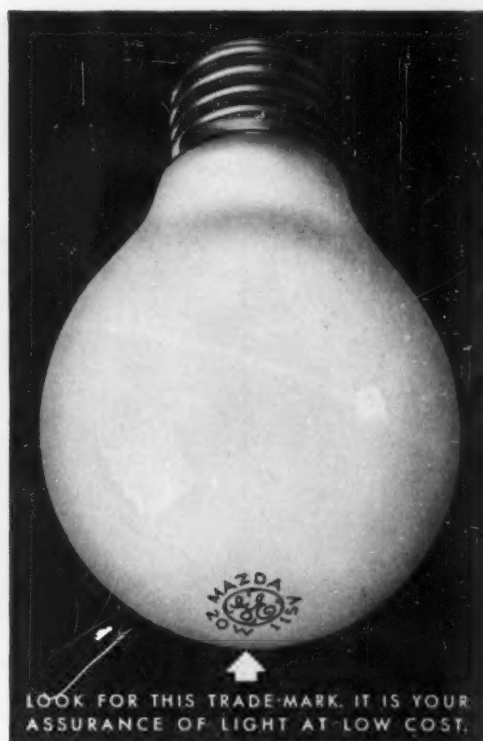
M.T.



76

%

of all
Lamps
that
Light



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THE overwhelming preference of American Railroads for lamps made by General Electric, is a testimonial of complete dependability, actual efficiency and final economy, of which any product may well be proud.

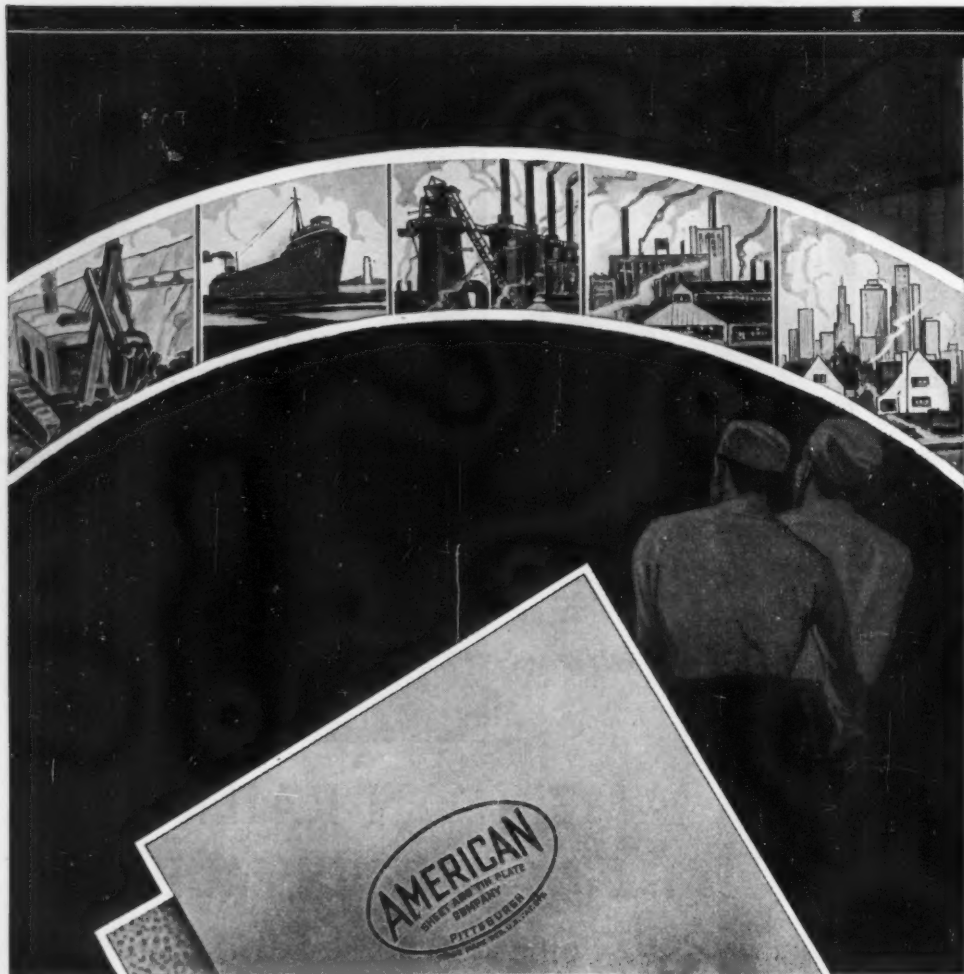
American railroads cannot guess about their lighting. Because lives, as well as dollars, depend upon qualities that the eye cannot see!

Executives of industry, seeking good light at low cost to cut waste, increase safety and reduce overhead, should know the facts about productive lighting—just as American Railroads know them.

Such facts are easy to obtain. General Electric Company maintains a corps of trained lighting experts all over the country for the express purpose of furnishing the *true* facts about good lighting—as they apply to your particular business—without cost or obligation. Simply write to The Incandescent Lamp Department of General Electric Company, Nela Park, Cleveland, Ohio.

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TO
SERVICE
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Quality
ALL THE WAY

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into steel—the rolling and finishing equipment from which AMERICAN Black and Galvanized Sheets, Tin and Terne Plates finally emerge with their distinctive mark and character: all these factors and elements are organized under one control, with one purpose in view; to keep faith with the multiplied users of steel sheets and tin plates who expect the best, and specify AMERICAN quality products.

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None So Blind . . .

ON THE eve of a presidential election it is always difficult to get a clear grasp of the economic situation because of the dominant emphasis on party fortunes. As every business man knows, the quadrennial spectacle of pointing-with-pride and viewing-with-alarm is not conducive to a calm judgment of affairs. Every prospect is fogged with the oratorical soot showered on political pot and kettle. Interpreting planks and personalities tends to become an exclusive obsession.

The election of a President is a big business, a patriotic business, a glamorous business. It likewise involves a stockholders' vote on management and personnel in what is today our biggest industry—politics—on which is spent nearly a third of our income. So it is set to music, to the tramp of marching feet, to tumult and shouting. But when it is all over the illusion passes and we realize it is only a side line of the main business of building the nation through the exchange of goods, labor and services. On the platform of business activity the whole people can usefully unite. Unhappily, prophets of evil and disciples of fear have cast a broad shadow over enterprise.

Whatever the breakdown of established things and however bitter the trial of those who are the victims of economic disorder, to the generation now coming on the times signify liberation and opportunity. For the free in spirit, it has been finely said:

There remains, come what may, their own energy and the richness of the earth, the heritage of invention and skill and the corpus of human wisdom. They need no more. Their paths will be more open, and what, in one light, is a vast breakdown of hopes is, in another light, the clearing away of debts and rigidities and preemptions that would choke them on their way.

Gradually, we have come to view the depression as a "furious purge," rather than as a collapse of civilization; that in itself is a change for the better. In the long stream of history, what may appear to the contemporary eye as the "ruin

of achievement" really contributes to the tide of events as a "renewal of energy"; what appears violent change will take its place later as a logical interlude in continuity.

In perspective, the steady "renewal of energy" would be readily apparent. At the end of the third quarter of the year, business continued to push forward, with indications of a slight improvement in company earnings for the three months period. Steel operations were going up gradually. Transportation showed a seasonal increase in revenue freight. Electric power production was approaching the output for the similar period a year ago. Money remained cheap and plentiful. Securities and commodities, despite the fluctuations in public and professional interest, stubbornly clung to their gains.

These advances argue the tenacious quality of the American way of life. For it is of no little moment that, in time of stress and strain, this nation has been able to shoulder the extra burden of a prolific cynicism and the disturbing turmoil of political divisions. So obscuring has been the fog of pessimism that it almost seemed as though we were condemned to walk in darkness, paced by "those who have no hope and who take a kind of pleasure in the grim jest that the last depression of this magnitude is known as the Dark Ages and persisted for five hundred years."

Yet how many of those professional pessimists who thrive on mockery would choose expatriation as release from the blundering of life on the American Plan which they so ingeniously pillory? A man does not come to the true count of his blessings by scorning the institutions which at base give him his sustenance.

"None so blind," said Jeremiah, "as those who will not see." Nearer our own times stands the judgment of one who knew his world, "Light, seeking light, doth light of light beguile."

Merce Thompson

BLUE SKIES . . . AND THE SPANISH MAIN



**St. Thomas (Virgin Islands) . . . Fort de France, St. Pierre (Martinique)
Port-of-Spain (Trinidad) . . . La Guayra, Puerto Cabello (Venezuela)
Willemstad (Curaçao) . . . Colon (Canal Zone) . . . Havana (Cuba)**

ABOUT Christmas-time, people are getting restless. They're looking longingly southward, to lands and seas where the sun shines golden in midwinter . . . to the blue Caribbean and its fascinating West Indies.

At Martinique, Mt. Pelee rises to smoky heights from palmy, tropic grandeur. . . . The little French shops abound in interesting knick-knacks. St. Thomas, Trinidad, La Guayra, and Curaçao are full of bright scenes and buccaneering memories . . . at Colon: the canal, Old Panama, and a gay lunch at the Miramar Club. . . . And fair Havana has delights for those who wish to dine or dance.

A West Indies Cruise forms an ideal break in the cold dreariness of Winter . . . and such a cruise aboard the beautiful

Lafayette is a treat for the most sophisticated traveler. This new and popular cabin liner will sail twice to the West Indies. A Christmas Cruise, leaves New York December 16th for 19 days. The second leaves on February 25th.

The *Lafayette* is famous for her delicious cuisine . . . for the beauty of her salons . . . and for the modernity of all her appointments. She will be a most comfortable, delightful, economical home for those lucky ones who would sail away from Winter . . . to *blue skies and the Spanish Main*.

See your travel agent. He will gladly help arrange one of these cruises for you. . . . French Line, 19 State Street, New York City.

French Line



2 WEST INDIES CRUISES

DEC. 16 AND FEB. 25

19 DAYS . . . \$217.50 UP

M. S. LAFAYETTE

NORTH ATLANTIC SAILINGS: PARIS, November 11, December 9 • CHAMPLAIN, November 5 and 26, December 23 • DE GRASSE, December 6, January 3 • ROCHAMBEAU, November 26

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NATION'S BUSINESS

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MERLE THORPE, Editor

NOVEMBER, 1932

VOL. XX No. 11

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Think Before You Vote



SOON after this issue reaches its readers, election will be held. Our forecast for the economic future as affected by the political situation is:

If President Hoover is reelected, business will continue on a long, slow, and frequently painful recovery.

If Governor Roosevelt is elected, business will continue on a long, slow, and frequently painful recovery.

Which doesn't mean that the election is not of grave importance to the business men of this country. It is; but the major depressions and elations of business seem to come without much regard to politics.

The temper of Congress is perhaps more important to business than is the political complexion of the President. "All bills for raising revenue shall originate in the House of Representatives," and that means tariff and tax. Legislation to amend our banking system, to cut government competition in business, to restrict the power of the Interstate Commerce Commission, to add or subtract from the federal authority over power and light—as to all such things as these, while the President "shall recommend to their (Congress') consideration such measures as he shall judge necessary and expedient," yet the real impetus will come from Congress.

The real friend or foe of business is the Congress. Every business man should, before he goes to the polls on Tuesday, decide not only his choice for President but inquire as to the record and the promises of the candidate for Congress.

Don't just vote! Think, ask and *then* vote!

Business' Interest in Congress



THE Congress which meets in December will be made of men chosen in November, 1930. The men chosen this November will not meet for action until December, 1933.

What will be done in this short session? Chiefly, perhaps, a consideration of appropriation bills. Appropriation bills call for vigilance on the part of business. It must not be forgotten that most moves for government economy so far made have been temporary and that only a bettering of our financial condition is needed to restore and expand suspended activities.

Tax legislation? Not likely unless the condition of the

Treasury makes it unescapable. With radical changes in the make-up of the two houses of Congress a special session might be called in the spring to deal with this subject.

Bonus? Apt to try to drive its way in.

Banking legislation? Likely to be put off until a regular or special session.

Railroad legislation? The same answer.

But all these subjects may come up and business needs to watch them all.

Business Has Passed the Worst



WHAT'S business like in mid-October? Let's answer with a parable: A man loses his way and finds himself going through a thick wood. The further on he presses the trees grow thicker. Constantly it gets darker. The ground underfoot is boggy and it is harder to walk. He struggles and flounders on. It seems to grow a little lighter overhead. His foot doesn't sink quite so deeply into the mire.

He decides that he is out of the woods. He isn't. He has only just passed the worst of his experience. It is almost as far to the open sunshiny spaces ahead of him as it is from the sunshine he left behind.

That's business. It has got over the worst, we hope and trust. It is headed for open sunshine and good times. But there still are darkness and mire ahead as well as behind. There may be spots as bad or even worse than those it has gone through. But still it is headed for the sun.

Plight of the Price-cutters



NEWSPRINT paper prices were cut recently to \$46 a ton. Six years ago the price was about \$72 a ton. That means a drop in the industry's income in this country and Canada on the basis of 1931 production of some \$25,000,000. As a fact, the production this year is less than in 1931.

In other words a series of drastic price reductions to a point in most cases below any possibility of profit did not produce more business, but less. The buyers were able to shop around for their paper and to make in some cases profits taken not from their customers but from the papermaker.

What is the result? More and more pressure upon the paper manufacturers to merge into one tremendous unit which can stop price-cutting and allocate production.

If that's the result, are we justified in asking this ques-

tion: Which is better for the public, a huge monopoly of newsprint production or a revision of the antitrust laws which should permit the several units to agree on prices and territories, subject to some form of government approval?

What to Do with the Sherman Act?



THE United States District Court for Western Virginia, with three judges sitting—all of whom are on Circuit Court of Appeals—has decided, all three concurring, that the soft coal industry's plan for a joint selling agency called Appalachian Coals, Inc., is illegal and in violation of the Sherman Act.

The Court held that the 137 producers of soft coal in West Virginia, Virginia, Kentucky and Tennessee could not operate a joint selling agency without acting in restraint of trade.

The case has still to go, and will go as speedily as possible, to the United States Supreme Court.

Until that Court decides, any extended comment on the case is uncalled for, but these paragraphs from the District Court's decision are worth quoting:

We sympathize with the plight of those engaged in the coal industry, whether as operators or as miners; but we have no option but to declare the law as we find it. . . .

If it be thought that the law should permit agreements eliminating competition as between the parties thereto and fixing as between them prices at which goods shall be sold, in cases where monopolistic control of the market is not intended and does not result, the remedy is with Congress and not with the courts.

Business Wants Fiscal Economy



SEEKING editorial guidance from the state of mind of its readers on recovery measures, NATION'S BUSINESS asked several hundred business men to indicate the relative importance of some of the major proposals now before the country.

Up to September 22, the returns showed that 1,400 reader voters placed "government economies" first. Next in rank stood "readjusted taxation" with 1,251 votes. Revision of the Eighteenth Amendment drew 894 votes; strengthened bank system, 808; government competition with private business, 653; agricultural reconstruction, 527; unemployment legislation, 391; international debts and veterans legislation tied with 303 each; and railroad legislation stood last with 280 votes.

The difficulty of separating sentiment for tax relief and government economies is immediately apparent in the overlapping of the two issues. Where the weight of the voting emphasis is so decisive, the close relationship of the two problems provides its own eloquent revelation of the trend of business thought.

And Economy Begins at Home



WALLACE, Idaho, is one community which believes in practicing what it preaches. It wants federal economy and it doesn't want to achieve that desire solely at the other fellow's expense. Not long ago its Board of Trade met, discussed a project to put up a \$100,000 federal building in Wallace, and then adopted a resolution which said:

RESOLVED: that the Wallace Board of Trade is unalterably opposed to the passage by this Congress of any measure which will add to the national indebtedness and bring about an increased burden of taxes for the purpose of paying interest and meeting sinking fund requirements. This Board insists that the Congress balance the budget by the cutting down of government expenses and the levy of only such taxes as are required to meet the necessary cost of government.

The Board does not oppose national cooperation with state and local communities for the alleviation of human distress, but

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insists that added burdens of debt will only aggravate present business depression and may result in serious damage to national credit.

Extravagance in City Offices



MAYOR JOSEPH V. McKEE, the new broom that is trying to sweep New York clean, is devoting part of his time to cutting down the number of automobiles the city government runs. The other day he ordered 128 official cars into oblivion, announcing that it would save \$600,000 a year. A few of the cars will be used in a central garage where city employees can get official taxi service when on tours of duty.

One department, that of Sanitation, parted, we hope willingly, with 17 sedans described as follows:

- 9 Cadillac Sedans (four of them seven-passenger)
- 3 Nashes
- 2 Hupmobiles
- 1 Packard
- 1 Chrysler
- 1 Hudson

In the Mayor's office the assistant to the Mayor had a seven-passenger Stearns, and the secretary, the executive secretary, and the director of the budget each a seven-passenger Cadillac.

Who wouldn't be a city official to drive about in seven-passenger cars with a chauffeur on the city pay roll and a label that brought salutes and not rebukes from policemen?

All over the country there are signs of a taxpayers' revolt—a revolt against waste, against needless activities, against activities that cannot be afforded. The fight is active now because times are hard and taxes are felt.

The job of every chamber of commerce is to keep at the fight and to keep it up even after times improve.

We Still Have the Deficit



NEW taxes and economies designed last summer to balance the federal budget are falling short of doing so. Lamentably short.

The first quarter ended September 30 with a \$402,000,000 deficit. Any guess on the whole year's result is idle until returns on 1932 incomes are filed next March 15. Even so, expenditures of \$4,000,000 a day in excess of revenues are an enormous gap to be bridged.

What will Uncle Sam do? That is like asking what the college lad who is behind in his bills will do. It all depends upon whether father, in this case the taxpayer, again resignedly increases the prodigal's allowance, or says, "Nothing doing; you've got to quit spending so much money."

Help for the Railroads



THE railroads may complain that they are ill-treated, that they are being strangled by regulation, that they are beset by competition on land and water, and in the air, and that these competitors are unduly favored by government, but they cannot complain that they are without friends.

More than a score of insurance companies, four of our leading universities, the Railway Business Association and the Investment Bankers' Association—a group not without a pecuniary interest in the welfare of the railroads—have joined in organizing a rescue squad and dispatching it to the aid of the railroads—at least to aid them in finding out what ails them and in prescribing a remedy if one is discoverable.

It's an interesting group—Calvin Coolidge, Alfred E. Smith, Bernard M. Baruch, Clark Howell and Alexander Legge. It won't be a political group though Mr. Smith, Mr.

Baruch and Mr. Howell are as definitely Democrats as Mr. Coolidge is a Republican. Mr. Legge's political affiliations are less conspicuous than his career as a business man, but he was Mr. Hoover's appointee to the Farm Board.

The committee is non-partisan, but it is probable that, if legislative remedies are needed in the committee's opinion, the political acumen of former President Coolidge and former Governor Smith will be an asset when the time comes to present and press such legislation.

Less Competition in Transportation



THE railroads themselves have taken a step forward on their own behalf by agreeing on a four-system consolidation of eastern roads along the lines proposed by the Interstate Commerce Commission. Economies are hoped for in the elimination of much wasteful competition.

Simultaneously a Royal Commission reported that the Canadian Pacific and Canadian National should eliminate duplicate services, cooperate to cut down expenses and that the state-owned Canadian National should be controlled by three trustees to be chosen by the Government. In addition, a new commission, one member to be chosen from the Canadian National trustees, one from the Canadian Pacific directorate and one from the Government, is to supervise all of the Dominion railroad activities.

Both this country and our neighbor to the north are finding that competition has its evils as well as its blessings.

Politics and Business



IF business should continue through late October and into November the slow, dragging recovery which it seems just now (October 10) to be experiencing, we should have new proofs that the rise and fall of business are not greatly affected by politics—the politics of campaigns, of flag-waving and fist-shaking.

Business is affected by the politics of legislation, of tariff, of tax bills, of bonuses, of banking methods, but it has apparently grown indifferent to the pre-election stir.

Look back over a chart of business—the one on the editorial desk as I write is that prepared by Leonard P. Ayres of the Cleveland Trust Company. Here are the years of Presidential elections:

1928—a year of slightly better than average business activity rising rather sharply at the end;

1924—business was good at the beginning, sunk in mid-year and came back to about an average at the close;

1920—good until near the close when we sank into the sharp short-lived depression of 1920 and 1921;

1916—a year of exceptional business (the War was making money for us) despite an exciting and somewhat surprising campaign;

1912—a moderate depression which lasted through 1911, ended early that year—long before nominations were made;

1908—a black year at the beginning with the currency panic of 1907 not yet over, but recovery began before the campaign was under way and was not checked.

1904—a bad year but improvement came toward the close.

Perhaps we are taking our politics more intellectually and less emotionally than we once did.

Making Banks "Fail Proof"



CONGRESS, both in December and whenever it meets again, will be pressed for some sort of a bill for guarantee by government of bank deposits.

Such plans by the states have so far met with little success.

But the mutual savings banks of New York state are going ahead on their own and without help from Government in a plan by which they aim to make themselves "fail proof."

They will have a sort of Reconstruction Finance Corporation or Federal Reserve System of their own. Each bank contributes to a central bank one-fortieth of one per cent of its deposits, in all about \$1,500,000. This can be increased to nearly \$150,000,000 in case of emergency. This fund would be available to any bank in the Association which should need to make fluid its slow assets.

It's more than 20 years since a mutual savings bank in New York failed and the 144 members of the Savings Bank Association think it will be twice 20 more years before another fails under this new plan.

The New Taxes Prove Onerous



THE battle lines for changes in the present tax law are already forming. The article by J. H. Pew, president of Sun Oil Company, in the October issue presented forcefully the case for the petroleum industry. The automobile industry is prepared to show the effects of the tax on sales of its products.

The National Automobile Chamber of Commerce by its president, Alvan Macauley, who is also president of Packard, has given out figures to prove that, since the tax was put into effect, more used cars in proportion to new cars are being sold.

In July, said Mr. Macauley, retailers sold 291 used cars for every hundred new ones. In August this year the ratio was 244 to 100. A year ago dealers sold 100 new cars to 188 old ones. The change the automobile makers believe is attributable to the tax.

Damming the Flow Of Trade



EACH candidate for the presidency has spoken on the Farm Board's stabilization projects.

One said:

The decline of prices [after the agricultural marketing act was passed] increased, a slump was apparent. The cooperatives could not meet the situation. This resulted in a tremendous undigested surplus overhanging the market; it put a millstone around the neck of the cooperatives. The effort resulted in squandering hundreds of millions of the taxpayers' money. Farm Board speculative operations must and shall come to an end.

The other said:

As a result of these emergency purchases [by the Farm Board] the prices of farm commodities were temporarily held and their fall cushioned. The farmers received hundreds of millions of dollars of income which they would not otherwise have received.

Experience has shown that the patent weakness of such actions is the damaging aftermath which accompanies disposal of these products. I am convinced that the Act should be revised in the interest of the farmer, in the light of our three years of experience, and this proposal should be repealed.

On the future the two candidates are agreed. We shall not repeat the mistakes of the past. But the bill has not yet been settled.

Business could and did warn of the danger of interfering with the natural and orderly conduct of business. Read those two statements and then read this:

"We express our continued opposition to the use of government funds in providing capital for the operation of agricultural cooperatives and for the buying and selling of commodities for the purpose of attempted stabilization."

That was a resolution of the United States Chamber of Commerce adopted two and a half years ago.



How Soaking

CARTOONS
BY CHARLES DUNN

Is the new tax bill doing something which no one wants done?

THE impulse to soak the rich is wholly human and entirely understandable. Most of us, if pressed for the truth, can ever so frankly be catty about those who happen to have somewhat more money than we have.

The poor are less jealous of the rich than the rich are of one another. Brown with half a million a year will gravely and mysteriously hint that Smith, who has a million a year, is getting a larger income than is good for him—unless, of course, Brown's income in some way depends on Smith's favor. Then Smith is a great man. Only in Chicago of ten years ago have ever I heard wealthy men sincerely speaking well of one another. But now that the face of Chicago's wealth has been altered, that city is no longer an exception.

Thus it has come about that the wealthy have never until now keenly enough felt the burden of income taxes and death duties to make common cause and put up a fight. Brown has been willing to be hurt, so long as Smith was being hurt more. One need not be cynical to observe that the chief reason why the wealthy are today so vastly concerned about their taxes is that 1932 incomes are not large enough to pay the levies on 1931 incomes. We only *thought* we were poor in 1931.

The wails and protests of the rich—and they are not as loud as might be expected, for most of the rich are fairly good sports—do not greatly interest anyone. There is no reason why the protests should interest anyone. Our real concern should be to discover whether soaking the rich is really the game it has been advertised to be. For it may be that the very rich duck the blows and that we, the spectators, get them. It may be that kicking the rich is a devious way of kicking ourselves. Let us inquire.

"Rich" has a sliding value

DECIDING who is rich enough to merit soaking is not easy. No definite income line separates the rich from the poor. Among the farmers and wage earners, anyone who comes within the federal income tax is rich, while in other circles \$50,000 a year is looked on as a mere pittance. To most of our people, the word "millionaire" still connotes wealth and glory. To others, it means nothing at all unless it means an income of a million.

One might go on forever trying to define riches, but when the definition was finally shaped and polished, it would be worth nothing at all. Being rich in 1932 is quite different from being rich in 1929. For our purposes, we can dismiss principal values and consider wealth only in terms of income. Fifty thousand dollars a year, as being the income on a million dollars, used to be the starting line for riches, but Con-

gress in its income tax begins the heavy shooting at double that figure. So let us take \$100,000 a year as the beginning of riches. The class is a small one now; in 1928 it had 15,780 members, but it had only 6,152 in 1930. Now the membership has probably dropped to 3,000. The figures are not quite what they seem to be, for most rich men find that it pays to put their depreciated stocks through the selling machine toward the end of the year and establish losses for tax purposes.

Thus many of our wealthiest men are now paying no income taxes at all. That does not mean that they are without incomes but only that their capital losses were greater than their incomes.

Not intended to equalize income

AND this brings up the whole subject of taxes on income. They are new with us, being levied under the authority of the Sixteenth Amendment, which came into effect in 1913. This amendment, by the way, was not ratified by Connecticut, Florida, Pennsylvania, Rhode Island, Utah and Virginia. The amendment was offered so that the Federal Government might have an additional method of raising revenue. There is nowhere any suggestion in the debates in Congress that great fortunes are dangerous to the common weal and that Congress should have power to regulate them.

The people as a whole have never decided that it was wrong to be rich, and they have never given to any political party, although from time to time parties have asked it, a mandate to equalize fortunes. The Socialist Party has never polled more than a handful of votes, and, although from time to time the very nervous get worked up about menaces running from a light pink to a deep red, these menaces have almost wholly existed in the minds of those who wanted to get the job of fighting them. Selling Bolshevik antidotes is a good but highly seasonal business.

The theory of our income tax laws, both state and federal, is that incomes should contribute toward the cost of government according to the ability to pay. Even the war taxes were supposed to be on that basis, and the heavy surtaxes, as well as the excess profits tax in another field, were designed to catch the war profiteers. But the late Congress, after fussing about with all the known methods of taxation and a few that had not previously been known, passed an income tax act in which the surtaxes, starting with one per cent at \$6,000 a year, run all the way up to 55 per cent for the very large incomes. They twisted the rule of ability to pay to mean that all sums earned above a sliding scale of living expenses should belong to the Government. That is only another way

the Rich Soaks the Poor

By Samuel Crowther



WHEN legislators start out to redistribute wealth through taxation they overlook several economic facts, says Mr. Crowther. Because of this, the rich feel the blow but little while the poor catch its full force

of declaring that Congress has taken unto itself the right to redistribute wealth.

The Congress as a whole did not do this, but a minority group, representing a tiny percentage of voters, had the power to prevent the passage of any tax bill which did not include an attack upon wealth. And the nation had to have a tax bill.

The heavy surtaxes were not put into the bill to raise revenue. Mr. Mellon had pointed out in January that, if the surtax rates on incomes of \$100,000 and upwards were tripled—jumped to a maximum of 60 per cent—only \$120,000,000 could possibly be raised for 1932. Large incomes are today very scarce. An income tax designed for revenue purposes would have dipped into the smaller incomes which are now exempt or have slightly raised the rates all along the line.

Money doesn't keep growing

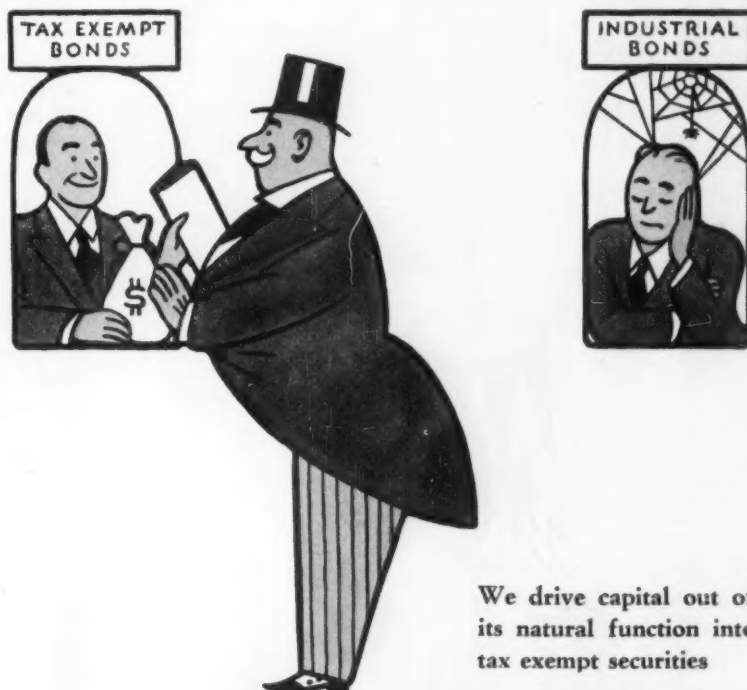
IT IS one of our traditions running far back into the history of England that, if a great fortune were permitted to grow through the years, it might eventually be more powerful than the State. Benjamin Franklin left a sum at compound interest which he thought would, in the course of years, build a water works and do a lot of other things for the City of Philadelphia. Stephen Girard left the largest fortune of his day in such a fashion that the statisticians of the time calculated that by now the Girard trust would own the United States. Franklin's trust has never been anything but a petty nuisance, while the Girard trust, although large, is of no particular moment.

The fact is that no one has yet devised a method by which a large fortune can for long be kept together. The Astor fortune is the only large fortune in this country which is at all old and, being in real estate, its value is uncertain. The big

railroad fortunes of the 'seventies are fading—none of the Vanderbilts or Goulds are today in the front ranks of wealth.

Old fortunes are now small

THE steel and oil fortunes which have passed to the second generation are breaking up, while the more recent automobile and utility fortunes have already, while still in the hands of their original owners, been drastically cut. Mr. Ford has never had a fortune distinct from the operations of his company. It is rare for a fortune to last through three generations. Either it is split up by successive inheritances or scaled down through the depreciation in the value of money. The only really old money fortunes in the world are those of the Indian princes, who will have nothing to do with banks or commerce and keep their funds in specie. Banker fortunes hardly ever last a century. The Rothschild fortune, which is the oldest banker fortune, is no longer of much moment.



We drive capital out of its natural function into tax exempt securities

It is not necessary for anyone to take a firm stand in preventing tremendous permanent accumulations of money. Nature seems already to have taken that in hand. The present tax bill is, therefore, not saving us from the dangers of being vassals to great fortunes. That is not a danger. Then what is it saving us from? Or, if it be not saving us from anything, is it by any chance doing something to us which, except for a few fanatics, no one wants?

If the Government takes away a considerable portion of a man's earnings it would seem to follow that the man would spend less than if he were able to control all his earnings. That, up to a point, is true. A prudent man tries not to spend all that he earns—although the old saws about saving need

a lot of revision in the light of recent events. If the Government takes a portion of his income, then, to keep up his life insurance and to lay by something, he will have to cut down his standard of living. He will be compelled to decrease his purchasing power. This in turn means that his demand for goods will be lessened and that portion of the country's commerce which depended on his buying power will be thrown out of work.

If, because of the high income taxes, the families of moderate means can buy only half as much clothing as before, they will be in no danger of freezing to death. But when we go down the line through the dressmakers' and tailors' employees, the store clerks, the employees of the cotton, woolen and silk mills, and so on, we find that those who have lost their jobs because of the limiting of buying at a point very remote from them may be in danger of freezing to death because they cannot buy clothing. The tax thus hits those it was supposed to help.

Rich men's spending helps the poor

THE situation is not quite the same with those who receive the larger incomes—say, those above the arbitrary line of riches which we have fixed at \$100,000 a year. A man does not have to exert any particular effort to spend a hundred thousand a year.

If he is receiving his income from an estate, he will have no great reason for saving much and so the income taxes will cut deeply into his spending. That may be good for him. But most certainly it is not good for those who lived on what he spent. It is they, not he, who suffer.

But if his hundred thousand comes from a salary or from some other source which, in the nature of things, must be

considered ephemeral, he will have to provide against the day when his salary will cease—so, commonly, he will invest a portion of his income. Ordinarily, being in business, he will be willing to take considerable chances with at least a portion of his savings in the hope of striking something good. In the face of today's income taxes, where and how can he take a chance?

Money is driven out of industry

SUPPOSE he sees an investment which has an element of risk but which he thinks gives a fair business prospect of yielding 10 or 12 per cent. That is about the limit of possible return on any calculated business risk. A return that promises more than, say, 15 per cent is merely gambling and it would be more conservative to play roulette as a means of building a fortune. Our man, however, also sees 5.50 per cent New York City bonds. These he commonly would not look at because he would prefer to take a chance in industry. But these bonds are tax free and, by a little pencil work, he discovers that any taxable security, to give him the same net, will have to yield 12.5 per cent. That is, by taking nearly no risk, he can gain as much as though he took a considerable risk.

Instead of putting out his money into industry, where it can be used to create wealth and employment and add to the income and purchasing power of the people, he elects to finance an unproductive municipal unit. This is for an income of \$100,000.

For larger incomes there is no possibility of any industrial enterprise giving a net yield as great as that which can be had from tax-exempt bonds.

Greater governmental extravagance

AT the very time when we want to cut down the cost of government, our legislatures make it practically impossible for private capital to find employment at a living rate in other than state and municipal securities. That is, we drive capital out of its natural function of creating wealth into the hands of administrative bodies who do not create wealth. And we spur them on to greater extravagances. Thus, by increasing taxes, we increase the need for taxes.

Our legislators started out to destroy Mammon and all his works. They cut down extravagance—which is a descriptive word to denote the other fellow's way of living. But in so doing they cut purchasing power. Therefore they cut employment.

They cut only slightly the margin of saving, but they diverted this margin, which would have gone into creating employment, into the securities which they themselves issue. Out of these securities they may provide employment to perpetuate themselves in office.

But incomes can arise only from the creation of fresh wealth. The political merry-go-round which is run by taxation creates no wealth. In the end the merry-go-round must cease because everyone will be sitting on it and no one will be left to run it. Then perhaps we can live by taking in one another's washing. That, I gather, will be achieving the millennium.



In the end the political merry-go-round must stop because everyone is riding and no one is left to run it

What's Ahead in Washington

W. M. Kiplinger Resumes his Letter Writing

DEAR MAC:

RESUMING correspondence with you about practical legislative and other governmental chores of Washington is just like waking up after a spree. You and I have been on an election campaign jag. We have talked and talked and have thought that we were really settling some big problems.

Of course, in a sense, we have done something merely by stirring our minds and emotions. But we have stirred them over Causes, Principles, Elections and Things. Now the job is to work out the principles in concrete terms of policies and acts. It's not so nice and not so easy.

The campaign frenzy is about at an end. After a couple of weeks for post-mortems, we shall have to get down to work. Congress will be here December 5. You and I are due for a shock at the discovery that there is as much legislative wood to be sawed as when Congress quit last July. The chores have not been lightened by the intoxication of the campaign. The Great Problems are still Great Problems.

Here's a partial list of things about which Congress will be fussing:

Appropriations, budget, economy, unemployment relief, farm mortgage refinancing, public works, veterans, war debt revision, banking reform, price stabilization, inflation, Muscle Shoals, Philippine independence, railroad bills, utility regulation, postage rates, stock exchange, beer, anti-trust amendment, guaranty of bank deposits, unemployment insurance, new taxes.

Not all of these issues will be settled in the next few months, but all of them will make headlines. So it behooves you and me to wake up and brush up on what's coming along.

Business Outlook BEFORE we tackle Washington, let's look around at the business situation, because it is more fundamental than politics:

These things seem certain:

(a) Underlying conditions are considerably better than six months ago.

(b) Business itself is getting a little better, but not very fast.

(c) The absolute low of the depression doubtless was last summer.

(d) Six months or more of painful recuperation and perplexing economic problems are ahead. This period will bring tremendous demands for political remedies, with which the Government must wrestle.

Improvement in underlying conditions is largely in the realm of credit. There is now more money, more credit, more blood. The banks (which are pumping stations) are not closing. Depositors are shifting money from mattresses and safe deposit boxes to bank accounts. Gold has come in from abroad, and every dollar of new gold makes many dollars of credit or lending power. National banks are expanding their currency by converting government bonds (government debt) into ready money. There's plenty of credit.

Credit has been expanded, or diluted, or inflated. This expansion makes the basis for inflation, but it has not yet made inflation. The inflationary effect of expanded credit (plenty of idle money) is not felt until somehow someone starts a little boom, which makes other little booms, which grow into a moderate boom, which then may develop into a big and dangerous boom.

We are all set to boom, but we are not booming. Confidence is returning; but confidence has not yet fully returned.

There is still much timidity, and perhaps much reason for timidity.

But business is getting a little better. The daily news and the statistics show that plants are opening, expanding production, employing more men. This is mainly in the lines making consumer goods—stuff which people use personally, shoes, hats, clothing, food. The improvement is partly seasonal, partly cyclical. People are buying, not merely for the fall and winter, but also to replace the wornouts which have been stretched beyond their normal periods of utility by the economies of depression.

The slowness of business recovery is due largely to one fact: Improvement has not yet come to any great extent in the so-called heavy industries, such as iron, steel, construction, chemicals, automobiles, railroad equipment, machinery. The heavy industries make things not for ultimate consumers, but for industrial use. Without a big pick-up in the heavy industries, there can be no big pick-up in general business, and not even a rapid sustained pick-up in consumer goods, because consumers are wage-earners, and a large proportion of wage-earners are in the lagging heavy industries.

Construction is the one heavy industry in which a little boom would be most helpful to business as a whole. Construction still lags, and one reason is that the effects of easy money have not yet been translated into terms of actual loans, actual capital transactions, which would make building. It appears that no big movement can be expected before next spring or summer.

It appears, therefore, that it will be next spring before business will be sufficiently improved to be visible to the naked eye of all of us.

Unemployment IT IS obvious that we shall have a grievous amount of unemployment for the next six months. Jobless men and their families must be fed and clothed and sheltered. Those of us who have jobs and incomes must share them heavily, through private, semi-public and outright-public channels. This means heavy taxes. We must get further accustomed to the idea of heavy taxes. There is no escape from them. If we dodge them here, they will catch us there.

Encouragement YES, there is reason for encouragement. Look back at the acute crises through which we have passed in the last year, the latest as recent as June. Practically all the statistical signs now point in the right direction.

There will be other crises (focusing of difficulties). Private debt adjustment may make one, perhaps early in 1933. European politics may make one, though no one can foresee clearly the nature of it. Troubles must be expected and accepted.

It seems to me that the right attitude for the next six months is one of moderate encouragement with caution.

There are those who see clearly the troubles still ahead and who are doleful. They seem right in their facts, but wrong in their perspective. They give insufficient weight to the subsoil factors of improvement.

There are others who magnify all little pieces of good news. (The press is prone to do this.) They overlook the unsolved economic problems. They mistake wishes for facts. They mislead themselves and others by giving too much emphasis in the short-range picture to the *optimisms*.

For the long range it seems wholly reasonable to me that

a high degree of prosperity will be restored—quite as high as that of the past, but distributed less unevenly. I can see no reason for assuming that our present level of unsatisfactory prosperity should be considered normal for the next few years. The time element for restoration of real prosperity is not easy to figure, but I think in terms of two or three years from now as a period of genuine prosperity.

By "prosperity" I mean not merely money income, but more leisure from work, more leisure for other things which are quite as ennobling as work. Any way you figure it, this is inevitable.

Economics Make Politics THE preceding observations on the economic outlook are a necessary preliminary to a consideration of the Washington political outlook this winter. Washington policies and acts have no meaning of their own, except to politicians who make a business of the thing, to political fans, and to political fan writers. Those of us who are engaged principally in making a living need to know more about how politics grows directly out of the economic soil, and are determined absolutely (in the long run) by economic considerations.

Thus, one way of determining approximately what Congress will do on big issues is to look about and see how the country's business is getting along, what it lacks, and what the people will demand. This is a better method than that of merely counting congressional noses, or adding up party totals.

Congress Line-up MOST of the chores awaiting the coming session of Congress, which meets December 5 and closes March 4, are not much changed by the election because few of the pending bills involve sharp issues between the parties.

In a practical way, it isn't important whether Republicans retain the organization of the Senate or whether the Democrats take it over.

Remember that this Congress is the lame-duck session of the old Congress. It does not include the members newly elected. All bills stand just as they were left when Congress adjourned last July. New bills will be introduced, and old bills revamped, but the session is a resumption rather than a new start.

Bills which are not enacted in this session die at its end, March 4, and this applies to most bills now on the calendar. If they are reintroduced at some subsequent session they must start anew through the whole rigmarole of committee hearings, reports, debates, and so on.

Beer THINK chances are slightly against the legalization of beer at the short session. Think it is more likely to be left over to a special session of the new Congress which may be called in May. It is uncertain, however, and there is a bare chance for beer. It takes only a majority of both houses to amend the Volstead act—to raise the legal alcoholic content of "non-intoxicating" beverages.

Prohibition Amendment CHANCES are preponderantly against the voting of a repeal or resubmission amendment at the short session. It takes two-thirds of both houses. The minority can delay it till the session is over.

Taxes THERE will be no general revision of taxes. Revisions will be minor, of an administrative nature. General sales tax probably will not be enacted to replace the various new special excise and sales taxes.

There will be an effort to shift the electricity tax from consumers to companies, but it will not succeed.

Tariff NOTHING will happen on tariff, except perhaps some gesturing. No major or general revision should be expected for several years.

War Debts ATTEMPT will be made to recreate the World War Debt Refunding Commission to reconsider and revise the war debts. A feeling of hostility to further concessions to Europe permeates Congress, however. There is a vast doubt in the minds of Congress as to whether Europe will see its way clear to make compensatory adjustments as regards armament, removal of barriers against American trade, etc. I am unable to foresee the outcome.

Farm Mortgages SOME big step will be taken toward refunding farm mortgages through the Federal Farm Loan System. This will ease the mortgage debt burden by spreading it over future years. It will cut down interest and amortization charges, at least for the next few tight years. It is possible that the Government will guarantee Federal Land Bank Bonds; this amounts practically to guaranteeing payment of farm mortgages.

Joint Stock Land Banks will be taken more closely under the wing of the Federal Farm Loan System.

Federal Farm Loan System will be reorganized; it needs it. The whole program of reorganization of the System cannot get through the short session, however; perhaps just the groundwork will be laid. Eventually there must be a coordination of all the complicated and messy agricultural loans made by various governmental agencies.

The trend is definitely toward state socialism in the realm of farm mortgages and farm credit. It will cost the Government a lot of money.

The prime purpose is to prevent the foreclosure eviction of farmers from land which they own, which they operate better than some new owners who might come in under foreclosure.

Veterans CASH payment of the bonus will not be voted. Some slight extension of the loan limit may be made, however. This will be relatively unimportant, either for veterans or for government finances.

Veterans' expenditures will not be reduced, but an "investigation" will be started, leading later to the challenging of 400 millions of the one billion total for veterans, including 100 millions for non-service disabilities, a figure which is increasing annually. The bill to pension widows of World War veterans, already passed by the House, will not be enacted.

Government Economy GOVERNMENT expenses will not be reduced enough to please business interests. The net reduction is likely to be about \$200,000,000.

To cut one billion from the four billion budget, as advocated by the Democrats, and as explained by Bernard Baruch in NATION'S BUSINESS for September, is worth trying, but I doubt that it can be done for years yet. A Mussolini could, but a President and a Congress won't.

Government reorganization will make a little progress in the short session. The Government needs it badly.

A move will be made toward coordinating federal, state and local taxation, and toward encouraging closer examination of local budgets. Greater economies can be made eventually in local than in federal budgets, because the federal budget is devoted largely to direct or indirect expense of past war.

Banking THE Glass banking reform bill, providing branch banking and stricter bank regulation, may pass the Senate but probably will not pass the House. New banking legislation is sorely needed.

The Steagall bill for guaranty of bank deposits, already passed by the House, will not be passed by the Senate.

The provision of the Glass-Steagall act, permitting use of government bonds as a substitute for excess gold in the collateral backing of federal reserve notes, will be extended beyond March 3. This is important for the government bonds.

Inflation VARIOUS measures of credit inflation will be pressed, but the only one with good chances is the proposal to refund farm mortgage debts through the Farm Loan System. This is generally inflationary.

The Goldsborough bill for price "stabilization," meaning price lifting by credit expansion, has already passed the House but will not pass the Senate.

R. F. C. THERE will be no great change in the R.F.C. law. R.F.C. already has more powers than it can figure out how to apply.

Relief IT LOOKS as if the Federal Government would be compelled to make new appropriations to aid states in carrying their unemployment relief burdens.

There will be strong pressure for *pro rata* distribution of federal funds among the states in accordance with population instead of need. This seems to be a move in the wrong direction, for it would break down the spirit of local responsibility. This local responsibility is important, from the practical standpoint, because it encourages resourcefulness, and it gets more money.

Federal contribution for unemployment insurance funds of states will make progress, but will not be enacted.

Muscle Shoals PROBABLY no final legislation should be expected.

Railroads RAILROAD legislation is one of those big jobs which Congress is on the point of tackling, but which Congress will not do at the short session, merely because of a divergence of policies as between railroad managements, railroad labor, bankers, the I.C.C., and Senator Couzens. There's unanimity that something ought to be done, but there's disagreement on what. Perhaps the new Coolidge committee can wangle the various group interests into some common program, but it will take time.

It looks as if there would have to be some reorganizations in the financial structures of railroads in 1933. The R.F.C. will not continue indefinitely to support them, particularly if business improves enough to cushion the shocks.

Railroads Like Farms THERE'S something akin in the plight of farms and railroads. Both are needed and must be maintained. Both are overburdened by debts which must be reduced. How?—Either by voluntary action of the creditors (farm mortgage lenders, railroad bond owners); or by assumption of the debts by the Government (refunding of farm mortgages, government ownership of railroads); or by a combination of methods. Remember that governments always tend to undertake the supply of capital to essential institutions or industries whose earning power becomes insufficient.

Anti-Trust THERE isn't much chance of revising the anti-trust laws at the short session. It is the same old trouble—not enough groups can agree on what to do.

There are, roughly, two kinds of anti-trust prohibitions—one against monopoly, one against restraint of trade and unfair trade practices. In the political world "monopoly" is "sacred cow," and the laws against it will not be modified materially for years or decades. The hope of relaxation of anti-trust laws lies in the realm of restraint of competition and unfair trade practices. More specifically it lies in the

gradual establishment of codes of business conduct by business groups themselves.

Business men who talk of a wide-open investigation of anti-trust laws by Congress in the hope that it will result in relaxation, fail to understand congressional politics. Such an investigation probably would show up more monopolistic abuses than inhibitions. It probably would result in tightening.

Postage THE new three-cent postage is now admitted to be a mistake, for it does not bring in much more revenue, and it hampers business operations.

St. Lawrence THE treaty will be ratified eventually, but not at the short session, because a militant minority will delay action.

Short Session Significance THE short session will be important, not so much for finished legislation, but as an indicator of political solutions of economic problems a year or two hence.

Tag Ends —CORPORATIONS have effected so many operating economies that a small increase in revenues will mean a proportionately greater increase in net profits. This is notably true of railroads.

—Many utilities have stopped their propaganda and fired their powerful publicity men. Utilities are resigned to the inevitability of government regulation.

—There's a hopeful attitude toward possibility of accomplishing something at the

International Economic Conference.

—Reforms in land utilization will make great progress in the next few years.

—Expect the R.F.C. to make a big push for financing foreign trade within a few months.

—There's no great opposition now to repeal of the stabilization features of the Agricultural Marketing Act.

—One of the unfortunate aspects of a depression is that on the upturn it makes a new pattern of concentration of wealth and a new crop of millionaires. Who will they be?

—The stock exchange investigation will be pushed in due course.

—Practically all legislation is for "special interests." The composite of all these special interests is about the closest thing we have to general public interest.

—Agricultural lobbyists will oppose the development of the Columbia River project; they don't want any more tillable land by irrigation; they want less.

—R.F.C. is having much trouble with politicians who want loans for pet constituents or pet projects without trying to make a technical show of merit.

—Surplus control schemes for agriculture will await the next Congress.

—If industrialists just could be made to see their way clear to modernize their plants now, it would be a big help to business-at-large.

—The R.F.C. is called "The Gift Shop."

Yours very truly,

Wm. Kiplinger

New Ideas in Distribution

LONG ISLAND strawberries went to market this year in new green paper-board shipping containers and transparent paper-topped boxes. Long Island farmers got two to five cents more on the quart for them.

ONE can dial for his dinner in Washington. A telephoned order brings a motorcycle courier to the door with a hot chicken dinner for four. Price, \$1. Or, from 9:00 a. m. to 7:00 p. m., the busy man can ring Child's and have meals brought to his desk by uniformed messenger—35 cents for breakfast, 35 cents and up for other meals.

ANOTHER innovation in food distribution is the sale of five-cent pies for workmen's lunches through vending machines placed in or near manufacturing plants.

"FREE electricity for three months" helped electric refrigerator sales in Kansas City, Mo. A coupon good for approximately 100 kilowatt hours was given with each refrigerator sold.

SEVERAL ice companies are offering to keep their patrons' ice boxes—if the boxes pass inspection—iced at all times for a flat sum each month.

ANOTHER ice company, in Los Angeles, gives 24-hour service through 33 automatic vending machines spotted about the city, each holding 5,000 pounds of ice and delivering it in wrapped cakes at the drop of a coin.

TO keep customers coming back to retail stores a scales company is promoting a "health budget plan" under which retailers will offer patrons free weight plus a free health record book containing spaces for daily entries.

"TRADE-IN" allowances continue to spread. Latest include new lamp shades for old, plus cash, of course, offered by a Cleveland store; a large pen company's allowance of \$2 on a new pen for an

★ **NEW** means and new methods of moving merchandise are constantly coming over the horizon, some to grow great, others to appear only to disappear. Whatever their destiny, however, the wise distributor will give them their meed of attention

old, gold-pointed one; an electric alarm clock maker's allowance of \$1 for your old awakener, no matter how battered.

A LYNN, Mass., department store in August offered to "rebuy all sheets bought during this sale at any time from October 1 to November 1 at ten cents each above prices paid during the sale." Whether August buyers turned October sellers we haven't heard.

"BURIED treasure" drew excursionists to Catalina Island recently. Five hundred dollars was hidden about the resort, in tokens worth from 25 cents to \$100, by the Catalina Island Transportation Company. "Find enough—maybe more than enough—to pay all your expenses," urged the C. I. T. Co.

BURIED treasure of another kind is used by Frigidaire to stimulate its canvassers. Before a neighborhood is canvassed a distributor sales manager picks a prospect there, arranges with her to be at home on the given day. The lucky salesman who discovers her gets \$10—if he's good enough to get inside and make a sales demonstration.

"SALES DAY" in Miami, Okla., has grown into a sizable outlet for surrounding farmers' surplus live stock. More than \$350,000 has passed through the sales ring in the past four years. The event has been incorporated, merchants have subscribed for stock, and a sales pavilion and stock pens have been built. Farmers pay a small commission for selling. The event is self-supporting, has built up a reserve.

AN enterprising Elk City, Okla., general store owner has revived his faltering

business by installing a row of hitching posts and a watering trough in front of his store. Keep up with your customers, even if they go back to buggies.

A COSMETICS manufacturer is stimulating sales among the co-eds by packaging his products in containers emblazoned with the colors of the school.

"HOMITOSIS" has been discovered in St. Louis and may sweep the country. It seems that it means bad taste in home furnishings. The furniture industry views the outbreak with some alarm but is ready with a cure.

POLITENESS helps gasoline and oil sales, thinks the Texas Company. Texaco truck drivers are under standing orders to stop and help stalled motorists, and to let faster cars pass them.

INK purchases are being stepped up from the dime to the dollar class by one manufacturer through an ensemble package which holds four bottles of delicately colored inks. Feminine writers may match their ink to their mood, or to their note paper.

A NEW ORLEANS taxi company is wooing trade by equipping its 20 cabs with radio receivers. Drivers proffer passengers their choice of stations.

SPONGE rubber scrap, sold as waste, brought the Sponge Rubber Products Company a cent a pound. Now they're selling it packaged with two tubes of rubber cement and an instruction book which tells youngsters how to cut and glue the scraps into toy animals, etc. Sponge rubber scrap, sold so, now brings the company eight cents a pound.



LEWIS W. HINE

In no previous crisis has so much thought been given to caring for the employee

How Business Fights the Wolf

By WARREN BISHOP

Managing Editor, NATION'S BUSINESS

AMERICAN business has been called "headless" often enough. It can't justly be called "heartless."

Its leaders have been told that they lacked vision and leadership. Perhaps they did. It's easy to look back over the past three years and tell men they ought to have known in 1929 what to have done in 1931.

But there has never, I venture to say, been an industrial crisis in America where so much thought, so much time and so much money have been devoted to helping the worker over hard times, to lessening or cushioning the shock and distress of unemployment.

How did business go about this job? There are countless answers to that question for no two companies tackled the problem in quite the same way. Loans, direct cash aid, staggered work, repair work, small plot farming, these were some of the ways.

NATION'S BUSINESS has asked a number of executives in American industries to tell how the job was done. Here are a few from different lines of business and different sections. They all tell stories, not only of good management, but of human sympathy.

Let's start with the Gorham Manufacturing Company, makers of silver-

- **LOANS**, direct cash aid, staggered work, small plot farming and repair work are a few of the means to which business has resorted to cushion the shock of this depression to its workers. The actual incidents mentioned here are only a few of many in which companies have put humanity ahead of profits

ware at Providence. E. C. Mayo, President and General Manager, is speaking:

By the summer of 1930 we realized that the situation was acute and probably of long duration. Therefore it was necessary to set up policies and machinery for a long siege.

Our entire personnel was classified with respect to family responsibilities, length of service and individual efficiency. During years such as 1927, 1928, and 1929, it was natural that undesirables should creep into an organization. These were eliminated. Those who were left were put on staggered time so that there was sufficient work for all at reduced hours, but at no reduced hourly compensation. This took care of the situation reasonably well during 1930 and early in 1931.

During the winter of 1931 our employees began to feel the pinch and the management let them know that the time of the executives of the company was available for conferences as to their financial problems. In the spring of 1931 it was plain that practically all our employees who did not have savings would need some financial aid as they had life insurance premiums, mort-

gages on their homes and some personal loans to meet.

About 85 per cent of our employees are Anglo-Saxon and a large percentage of our skilled workers have been with the company 25 years or more. I emphasize this because our plan could not be adapted to every organization.

I concluded from my personal investigations that our employees who were in financial distress did not want charity, but credit. As a result I set up the so-called Gorham Loan Plan.

This gave men a chance to borrow without interest sums which were regulated by length of service, number of dependents and, in general, home conditions. Any week a man's earnings fell below a certain sum he could borrow from the company. A man with four in the family, for instance, whose earnings fell below \$20 a week might borrow the difference to be repaid on terms to be agreed on when he was again working 75 per cent of normal time. Many larger lump sum loans were made after a personal consideration of each case.

This plan allowed those who were in the hands of high interest loan companies to



As a part of its relief program, the American Rolling Mill Company provided 229 acres

pay off the indebtedness and start fresh, provided funds for the immediate liquidation of unpaid interest and life insurance premiums and helped employees care for their families.

This plan has been in operation 18 months and it has done much to bolster the morale of our organization. Those who have used it have been grateful and many men who have not yet used it have thanked me personally for establishing it because it has given them a sense of security.

In addition to the loan plan we have created employment by building concrete walks around our plant, painting the entire inside and outside of all of our buildings and overhauling equipment.

It has been interesting to watch skilled silversmiths become skilled painters. These men, used to doing fine precision work with their hands and eyes, have done the painting job with surprising skill.

We have also established gardens for our employees, providing the land, seed and fertilizer.

A policy of sharing work

TURN from silver to gasoline and ask what Standard Oil of New Jersey did. Theirs is not a luxury business, but it is subject to marked fluctuations in demand. Its policies in this depression have been largely based on the experiences gained in previous days. Said C. J. Hicks, executive assistant to the president:

The company has made a point of providing work for as many as possible of its employees, particularly those of long service. This has been done mainly through work-sharing. As a rule, employees have not worked less than half time. In some instances, appropriations have been made for repair and maintenance work to give employment.

Some layoffs have been necessary. In these cases comparatively inefficient men and those of short service were dropped first. In the rare instances where employees who have ten years or more of service or

who are 60 years old or more have been laid off, a Company rule requires that the case be referred to the main office at New York for possible transfer to other companies, or for layoff in accordance with established rules. Since July 1, 1932 when a maximum five-day week was put into effect, there have been no further layoffs and some new employment.

To employees permanently laid off because of lack of work, the Company has for some years paid layoff allowances varying with age, length of service, and normal earnings. These payments range from one or two weeks' notice to substantial cash payments or modified annuities.

The Company and its employees have been active in supporting relief work not only for laid-off employees but for communities where the Company operates. In some of the larger centers, employee associations have collected and distributed relief funds made up of contributions from the Company and its employees. In an organization spread in many different localities and embracing all types of labor, it is natural that opportunity arises to employ practically every type of relief, varying from cleanup jobs in refineries to the donation of land for truck gardens in the widely scattered production fields.

A good example of the way a middle-sized industry faced its problems is provided by the Leeds and Northrup Company, of Philadelphia, makers of electrical measuring instruments and pyrometers. This company, which has a force of highly skilled workers, is sharply hit by cyclical depressions because its products form part of the capital investment of industry which is not greatly increased or replaced in bad times.

Morris E. Leeds thus explains the company's unemployment relief program:

First, the company has pursued a policy of slow-hiring on the up-swings, adding no people until the need appears to be permanent, thus sharing prosperity with work-

ers through overtime work. Second, if business drops below normal, standard articles are manufactured for stock, substantial but safe reserves being set up for this in times of prosperity. Third, if continued depression makes retrenchment unavoidable, an unemployment benefit fund, established in 1923 and maintained through the upswing at twice the maximum total weekly pay roll of the preceding 12 months, is available to protect workers against short time or lay-off.

This program was devised to meet a recession somewhat more severe than that of 1920-21, and it would have met these requirements without strain. The program still has served to postpone and cushion unemployment; as late as the first half of 1931, for instance, employees' income averaged 95.3 per cent of their 1928-29 purchasing power. Even more important, perhaps, it developed a staff solidarity valuable beyond appraisal in the ensuing adjustments.

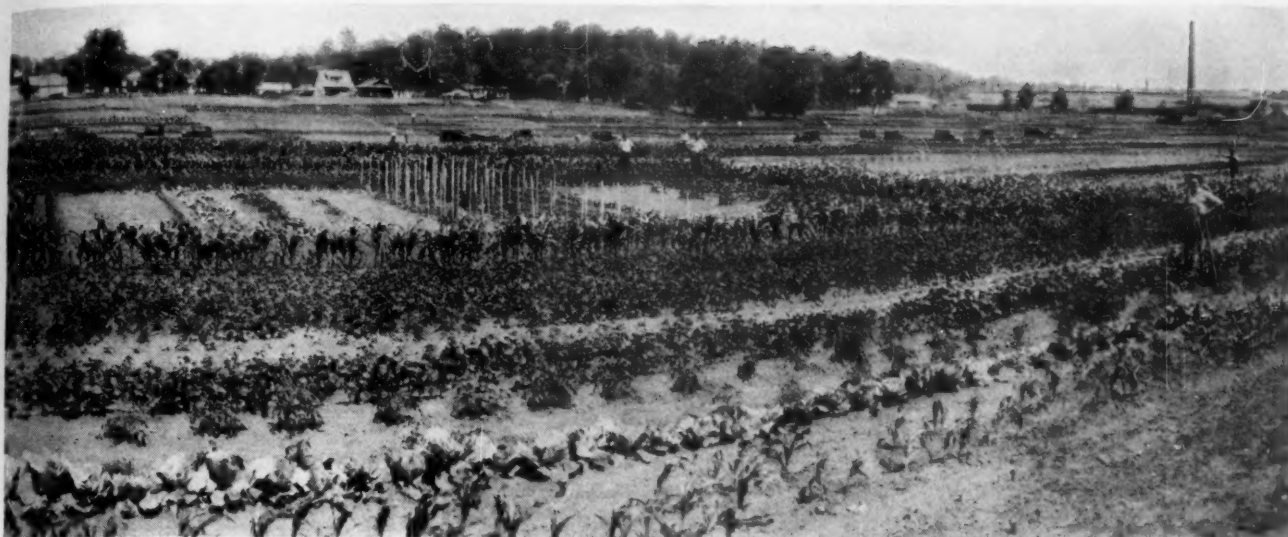
Specifically, reduction of hours (three corresponding ten per cent reductions for salaried workers), transfer and lay-off have been used to preserve a maximum balanced force, and although a total reduction from more than 1,100 to the present 500 workers has been necessary, protection has been given to all as follows:

1. Those laid off and receiving more than \$50 a week received at least two weeks' notice and from two to seven weeks' pay as dismissal wage, according to length of service.

2. Persons receiving \$50 or less a week are covered by the benefit plan. For those laid off, the \$90,000 reserve accumulated in 1923-30 has provided 50 per cent or 75 per cent of their normal full-time pay, according to their dependency status, for from three to 26 weeks according to length of service. This fund has also provided compensation at the same rates and for the same periods for losses due to short time. A gratifying number have been able to find comparable new employment within the period of their benefit; for those less fortunate

3. The company has made \$6,900 in cash loans without interest in amounts up to \$200 to 81 different people.

4. By voluntary subscription among offi-



of land for employee gardens

cers and staff approximately \$15,000 has been raised for special relief to which the company has recently added \$5,000. In the community's greater need, \$5,500 of this was voted to the city's central relief fund, \$8,000 has been distributed in orders to 86 former employees or present employees with large families, and the \$6,500 balance remains for milk, groceries, rent or coal.

The company's one regret is that it did not foresee the longer depression and accumulate a larger fund.

South Bend, Ind., is a city of 100,000. Studebaker is one of its leading industries. When unemployment hits Studebaker, it hits much of South Bend. Balanced against that was the fact that South Bend was near open country and that Studebaker workers were, many of them, familiar with farm work.

Shortened work schedules

THE first thing Studebaker did was to figure how to distribute the available work among the greatest number of men. Here's their program as described by James H. Greene, manager of their cooperative department:

In the spring of 1930 it became apparent that relief of our employees was inevitable as a result of short working schedules. A study was first made to show the size of force necessary to produce reasonably expected schedules.

It was then decided that no new men should be taken on and that, so far as possible, work would be spread and operations staggered so that as many as possible might be employed.

A system of lending employees was established. Departments which required additional men borrowed them from other departments which had more employees than immediately required.

When lay-off was absolutely necessary, men who had the least family responsibility were released.

A number of older men whose service



Workers from the Ford factory cultivating soy beans on the Company's experimental farm at Dearborn, Mich.

records did not permit their retirement on pension could not be placed on regular work. For them a special department was established. This department was used to do odd clean-up and maintenance jobs. At times as many as 100 men were employed in this department.

Many employees could not obtain credit for groceries or fuel. For them, Studebaker, in 1930, established a system of extending credit to employees who were not working or whose earnings were insufficient to provide the necessities of life. The procedure in making these loans is as follows:

An employee applies at the Cooperative Department Office for either groceries or fuel. He signs an order for the amount of the loan which provides that, upon his re-employment or return to substantial earning capacity, he will repay the loan by weekly deductions from wages. The amount of the loan depends upon the size of the family and its needs. Grocery loans are extended on the basis of approximate needs of the family for one week and loans are made weekly until the employee is returned to an earning status. A depot handled by the

manager of the factory cafeteria, distributes the groceries at wholesale cost plus a handling charge. Coal is sold to employees at cost to the Corporation, which also absorbs the expense of delivery.

The Corporation has also financed medical attention for employees who were temporarily unable to pay, repayment being handled in the same way as repayment for grocery and coal loans.

When it is apparent that employees will not be able to repay, the loans are written off as donations. Since this plan was established \$330,000 has been loaned to employees. Of this, \$235,000 has been repaid.

In 1931 the Corporation allotted several acres of ground to employees who desired to raise vegetables. This year a great many employees took advantage of this plan. Additional acreage was leased and divided into plots of 50 by 50 feet to 50 by 150 feet which are allotted to employees. Six hundred employees now have gardens under the plan.

In the 1931 harvest season more than
(Continued on page 54)

No Business Can Escape Change

★ **WHILE** the depression has developed no noticeable lag in the steady march to market of new products, its end bids fair both to accelerate and expand the movement. Many new things, we are told, are waiting only resumption of purchasing power to make their bows to buyers

A NEW device will bring illustrated lectures on bridge or other subjects to your home, carry talks to salesmen, etc. A telegraph messenger boy delivers and operates the equipment, which coordinates still pictures with sound reproduction. . . .

COMPACT, moderately priced photo-electric cell outfits are now on the market. Controlling electric circuits through either interruption or completion of their light beams, they can be used to count or inspect objects, open doors, etc. . . .

FOR cool days there's a new electric screen which keeps one comfortable when placed around or near one's desk or chair. For cold nights there's a new electric blanket. . . .

A NEW gas furnace operates as an auxiliary to the present warm air furnace. Gas is used in ordinary winter weather, coal during severe cold, thus eliminating peak gas bills. . . .

COLORING tires are achieved through a new liquid sidewall finish, said to be easy to apply, elastic, fast in color. . . .

SLIPPED inside used aluminum pistons, a new expander is said to restore the piston's original shape, stop piston slap. . . .

A NEW outlet for cotton is seen in the use of cotton sheeting, permeated with a bituminous compound, to patch or entirely cover old roofs. It is said to be economical, effective. . . .

A BRICK pavement filler has been developed which is said to be nonsoftening and nonskid. A new method of application leaves a minimum of the filler on the surface. . . .

A NEW light-weight and economical veneering brick is applied in conjunction with steel strips. It can be used to modernize old frame construction or to veneer new work. . . .

A RECENTLY developed small safe has a slot to receive receipts, a lock which opens only at a fixed interval after the combination is worked. Two-key locks are also offered; one key is kept on the premises, the other by a bank collector. . . .

A COMPACT chromium plating unit has been devised for machine-shop use in plating tools and parts. . . .

A NEW lacquer veneer permits reproduction on metal of anything that can be photographed. Drawing and forming operations are said to leave the veneer coating unmarred. . . .

A NEW, small die-casting machine handles all common die casting alloys, permits quick die changes, is convertible into a permanent mold machine for casting brass. . . .

A TUNGSTEN-carbide tipped circular saw has been developed to cut asbestos compositions, ebony, hard rubber, plastics, linoleum and other fibres containing glues or grits. . . .

ELECTRIC scissors are now available. They are said to operate with speed and ease on all kinds of materials. . . .

A VISUAL record of practically any machine's productive time, idle time and causes of the latter is supplied by a new device which also tabulates this data on a printed record. . . .

"LAYING batteries," tiers of individual metal coops in which hens are permanently caged, are being offered poultrymen. Eggs are delivered from the cages automatically as soon as they are laid. . . .

ICE cream is reaching the retailer in a new form—a package which fits his old cabinet and contains a dozen individual servings in paper-wrapped cylinders. Wrappings peel off easily; use of scoops and container cans is eliminated. . . .

FOR the reader addicted to making marginal notes there's a new flat pencil which also serves as a book mark. . . .

A NEW double-headed shipping drum permits shipment of advertising or other matter with the drum itself. The removable protective head, lithographed, serves as a dealer sign. . . .

A NEW detachable outdoor electric meter needs no cover, is quickly installed or removed. And for testing meters there's a new portable tester which eliminates calculations, cuts testing time, is said to give laboratory accuracy. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on items mentioned here, which are of interest in connection with your own business, can be had by writing us.

What of the Chamber of Commerce?

By RICHARD F. GRANT

Chairman of the National Chamber's Committee on Local Chambers of Commerce

FOR years I have been a consistent supporter of chambers of commerce; but during the past year, as Chairman of the National Chamber's Special Committee on Local Chambers of Commerce, I have had renewed occasion to observe closely the work of these organizations on a wide-spread front.

One conclusion is inescapable—chambers of commerce, in an important time of testing, have measured up to the demands of business and of society at large, performing indispensable service, and operating as a constructive force in the communities they serve, and cumulatively in the national situation.

In addition to their continuing functions, a marked manifestation of the virility of the chamber of commerce movement has been disclosed during the past two years in the readiness with which large numbers of chambers have been able to readjust themselves to changed economic conditions, and to prosecute successfully various types of emergency activities. In all this there has been displayed not only a high degree of organization efficiency, but frequently something of the dramatic.

Averting bank failures

FOR example, one of the serious aspects of the whole economic situation has been the number of bank failures that have added their burden to an already overloaded situation. Large numbers of these failures have come suddenly, so that little or nothing could be done. But in an encouraging number of cases the failure of banking institutions, with the consequent blight which is cast upon a community, has been averted by prompt action on the part of chambers of commerce; and in other instances banking establishments that have been closed have been promptly reopened by reason of effective chamber action in the mobilization of public sentiment. Sometimes they have supplemented this by raising large sums of money.

On a certain day, a prosperous southeastern manufacturing city was stunned to learn that one of its leading banks had been closed. Word spread rapidly. When the secretary of the chamber of commerce reached his office, which was on the second floor across the street from the city's other most prominent bank, he looked out upon milling crowds of excited people and upon long queues forming. A run on that institution promptly started, but it was scarcely under way when the chamber of commerce went into action.

While the queues were forming, a meeting was hastily summoned in the chamber quarters. Officers of the bank revealed that it was solvent and that arrangements had been made for the im-

portation of currency. The editor of the afternoon newspaper was called in. His sheet usually issued about 2:30 in the afternoon. He agreed to get it on the street by 11 o'clock—and he did so, by what magic of newspaperdom nobody knows, because it was past nine o'clock when he was requested to get it out. Within two hours from the time the run started newsboys were placing in the hands of waiting depositors papers carrying eight-column assurance that the bank was sound and could pay every dollar. The run was broken.

In the Middle West, a certain small city was terrified last January to learn that a large bank in a neighboring city had closed. A run was immediately started upon the local banks. The chamber of commerce, realizing what was at stake, called a conference of business leaders, which was followed by a meeting of the board of directors with city officials and bank directors. Within a few hours committees were interviewing depositors and obtaining signed pledges not to make withdrawals. That night at midnight there was a meeting of depositors, committee workers and bank officials, at which assurances were given and forms were signed agreeing to withhold withdrawals. There was much other work, the details of which I need not enumerate. On the morning of the fourth day the run was broken and business was resumed as usual.

Helping retailers, too

IN A certain industrial city of the East the temporary closing of three banks tied up, among other funds, Christmas savings totalling \$200,000. In addition to the general depressing effect which this had upon the whole community, the impounding of the Christmas savings money was a severe blow to the retail merchants. The chamber of commerce came forward with a plan whereby depositors assigned to the chamber the Christmas funds they had tied up, and the chamber arranged to advance on such

(Continued on page 61)



Richard F. Grant

HARRIS & EWING



CHAMBERS of commerce have filled a vital place in the life of our communities. Collectively they bulk large in our economic machinery. They are conservative of our best institutions. Now especially they are needed in the work of business reconstruction



H. ARMSTRONG ROBERTS

The railroads were the first industry singled out for our experiment in government regulation

THE public interest in policies which will preserve the solvency of the railroads and establish their credit on a sound basis lies not only in the need for adequate railroad services but also in the large holdings of railroad securities by the fiduciary institutions of the country.

Commercial banks and mutual saving banks hold more than \$2,700,000,000 of railroad bonds; life insurance companies own \$2,600,000,000, while educational institutions, hospitals, religious institutions and other public and semi-public agencies hold another billion dollars of such bonds. Sixty per cent of all the fixed obligations of the railroads, therefore, are held by fiduciary institutions.

Producers and consumers also have deep concern in the conditions which brought the railroads to the extremity last year of seeking higher freight rates in a time of declining commodity prices.

It is with genuine concern, then, that the public finds the railroads, which it was once accustomed to look upon as towers of financial strength, appearing as humble supplicants for government credit to enable them to meet their obligations and lift the threat of bankruptcy. It is this concern which prompts us to ask why the railroads have thus fallen from their high estate; why they have been so laid open to the storm of depression that they are obliged to run to government shelter.

The answer to these questions, in the opinion of a committee of the U. S. Chamber of Commerce which has studied the railroad situation in all its ramifications, lies with Government as much as, if not more than, with the railroads. The roads were the first industry singled out for our great experiment in governmental regulation—an experiment which has since been extended to trade, to phases of agriculture and is even now reaching out to power.

This experiment has now progressed to a point where railroad activities are completely dominated by the Interstate Commerce Commission. This federal commission virtually

What Has

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To Study Railroad Problems

THE seriousness of the railroad problem is evidenced by the recent appointment of a committee of representative men headed by former President Coolidge to study the situation and "recommend a solution which . . . will insure an opportunity for the railroads of this country to operate on a business basis."

The invitation to serve on the committee was issued by a group of insurance companies, banking associations and allied groups of holders of railroad securities. Those who have consented to serve with Mr. Coolidge include Bernard M. Baruch, director of the Baltimore and Ohio Railroad; Alfred E. Smith, former Governor of New York; Clark Howell, Sr., publisher of the *Atlanta Constitution*; and Alexander Legge, former chairman of the Farm Board.

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dictates national railroad policy. It fixes rates, supervises financing, controls operation, approves elections of directors, scrutinizes equipment and directs the distribution of cars. It is, in effect, a little government, exercising legislative, judicial and administrative powers all in one—set up to regulate the railroads of the United States.

No one will contend that judicious regulation of public utilities is unnecessary or that the railroads could have escaped altogether the general effects of the depression. Neither will any one charge the membership of the Commission with personal incompetence. They have been, on the whole, men of high ideals and exceptional ability. If a mistake has been made, it is not in the men who administered the system but in the system itself.

Responsibility cannot be shifted

"THE plain fact of the matter," says the Chamber's committee, "is that wise, economical and efficient management is not assured by rigid regulation. The wisest, most economical and efficient management is where responsibility for the operation and the earnings of a property rest upon a management whose responsibility may not be shifted to some regulating commission."

The committee's report was ordered to a referendum vote of the membership by the Chamber's board of directors. It

Happened to the Railroads

By Merle Thorpe

proposes new national transportation policies designed to put the railroads on a sound basis so they will be able to maintain their credit, protect their workers and continue to give needed service to the public.

Specifically the committee proposes the stabilization of railroad credit by allowing the carriers greater flexibility in earnings, according to business conditions; a revision of the rule of rate-making and retroactive repeal of the recapture clause of the Interstate Commerce Act; simplification of regulation and elimination of unnecessary interference with railroad management, and the adoption of measures which will enable the railroads to adjust their organization and operations to economic conditions and give them fair opportunity to meet the competition of other forms of transportation.

On the committee which drafted this report were 12 business leaders, including shippers, industrialists, bankers and railroad executives. Judge F. C. Dillard, of Sherman, Texas, was the chairman.

A study of the report and of railroad history reveals how regulation follows investigation in the vicious circle of expanding government activity.

Eliminating abuses

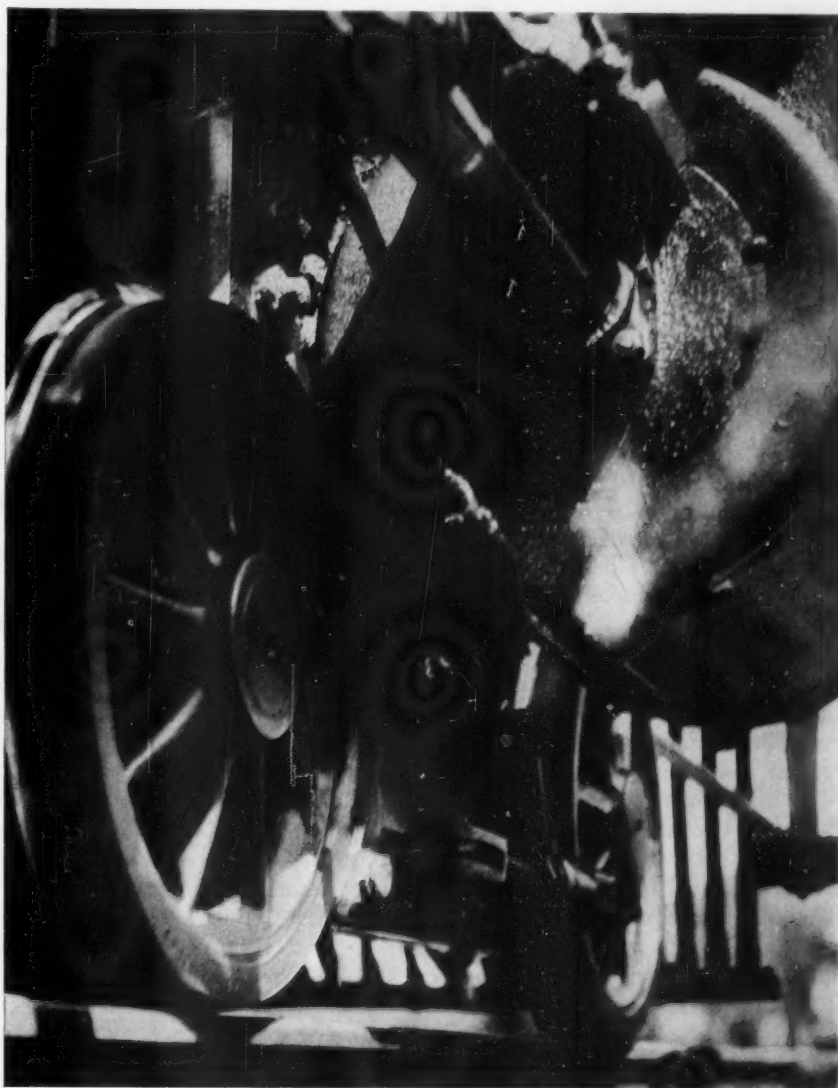
THE framers of the Constitution, when they drafted the interstate commerce clause, did not contemplate giving Congress authority to supervise and restrict interstate commerce. Their purpose was solely to prevent the states from setting up barriers to the free flow of trade. But in 1887, Congress, in response to the outcry against rate discriminations and other abuses, created the Interstate Commerce Commission. It did not pass prohibitory laws. It said, in effect:

"This is a complicated question. Congress cannot define a reasonable or an unreasonable rate. Therefore, we will set up another little compartment of government, manned by experts, to deal with it exclusively and give it authority to stop these abuses."

That, at first, was as far as regulation was to go. The purpose was to see that railroad rates should be reasonable and nondiscriminatory. As late as 1897 the United States Supreme Court ruled that the Commission had no authority to prescribe rates to "control in the future." It could prevent evil practices. It could not compel the roads to follow practices it deemed good.

But the door was ajar. To open it wider was only a matter of succeeding legislative measures. To the original simple regulation has gradually been added a multiplicity of requirements. Some of these are desirable and should be retained. Many, however, were added because of a former monopoly character of the railroads which has since disappeared because of competition from other forms of transportation. Other features of the added regulation were unnecessary in the first place.

The total cost of this regulation has reached alarming proportions. The direct cost to the taxpayers is only a small part of it. Expenditures of the Commission in the fiscal year ending June 30, 1932, are estimated at \$9,000,000. Estimates for the next fiscal year are \$8,725,000. But to these must be



Railroad regulation, once limited to the fixing of reasonable rates, today extends into operation and mechanical detail

added the cost to railroads and shippers. Exact figures are not available but an idea may be gained from a few instances.

The present rule of rate making, adopted in 1920, made necessary the continuance of valuation work first started in 1913. Up to June, 1931, this valuation work had cost \$178,000,000, of which the railroads spent \$138,000,000 and the Government \$40,000,000. In spite of this expense all the work to date is subject to review by the courts.

Long and expensive investigations

IN THE grain case—part of the investigation under the Hoch-Smith Resolution—50,000 pages of testimony were transcribed at public expense and an equal number of pages of printed briefs, arguments and pleadings presented. Hundreds of witnesses appeared, many of them highly paid experts. The proceedings extended from May, 1927, to April, 1931, and the question is again before the Commission following an appeal to the Supreme Court. The aggregate of traveling expense, printing, office rent and other outlays for this investigation would reach large figures. This cost was distributed among railroads, shippers, state commissions and the Interstate Commerce Commission. In view of the successful appeal to the Supreme Court and the reconsideration of the case, it is doubtful whether this expenditure was justified. Some 16 investigations—not all so extensive—have been conducted in response to the Hoch-Smith Resolution.

In the period from 1927 to 1931 inclusive, the Commission disposed of 9,798 cases under formal procedure, held 7,049 hearings and took 1,254,403 pages of testimony. Approximately 150,000 tariffs are on file with the Commission. These are, of course, under constant revision. As indicating the extent of these changes, 110,420 tariff publications were filed in 1931. In addition, 1,319 publications were rejected. Correspondence concerning tariff matters involved the writing of 24,030 letters by the Commission and the receipt of 33,362 letters. The annual cost to the railroads of compiling, printing, filing and distribution of tariffs reaches many millions of dollars. Additional expense is incurred through the tariff requirements of the State Commissions.

In addition to the expense involved, all these matters take up the time of railway representatives and tend to hamper railroad managements in prompt action as well as depriving them of their proper responsibilities of management.

Nor does the Commission limit its interest to rate questions. Among its recent activities have been investigations on the subjects of fire doors, power-reverse levers and automatic stokers for locomotives.

In the fire-door investigation, it was necessary for the railroads to send men to Washington to appear before the Commission. The power-reverse lever is a piece of equipment which the roads have voluntarily installed on many locomotives. The Commission's investigation has been under way two years and involved the attendance of 200 witnesses.

The installation of automatic stokers on all locomotives, which the Commission is now investigating, would cost \$160,000,000. It is impracticable for many locomotives and its desirability on others is mainly a question of economy.

Automatic train control is another field where the Commission's efforts have resulted in heavy expense with little public benefit. Under Commission orders this feature has been installed on many roads. Now the Commission has authorized discontinuance of all work on this and has approved the dismantling of some of the installations. On the other hand, certain railroads where automatic train control was really desirable and economic have proceeded voluntarily far beyond the Commission's requirements.

Comparable to this excursion into the field of mechanical detail was the Commission's investigation into the necessity for cab curtains on locomotives. After a series of hearings the Commission ordered that all locomotives operating in a certain territory be equipped with back and side curtains and storm windows. This investigation originated on complaint of enginemen in Wisconsin, but the major conditions of the Commission's order were made to apply to 36 states. It was also ordered that oil-burning locomotives must take air for combustion from outside the cab and not the interior.

Limitations on the length of trains in Arizona increase operating costs and interfere with railroad efficiency. Obsolete tariff regulations and drastic criminal statutes interfere with experimentation with new and cheaper methods.

It is more than a little difficult to perceive just how such activities as this further the public interest. Nor can they be justified on the ground that the railroads need Commission impetus to carry on experiments leading to greater safety, efficiency or economy. History shows that, entirely without government urging, the railroads have dealt with more than 3,000 problems in which specifications, rules and standards of importance have been adopted with resulting financial savings to the roads.

As a result of these investigations, locomotives have been developed which give more power although consuming less fuel. Last year the railroads required only 137 pounds of coal to transport 1,000 tons of freight and equipment one mile. In 1920 the same task consumed 197 pounds of coal.

One road is effecting a saving of \$1,000,000 a year through chemical treatment of water to prevent corrosion and rust in locomotive boilers. Another chemical treatment has tripled the life of cross ties, saving sizeable sums.

Other studies have prolonged the life of car couplings by five years and developed new standards for draft gears.

Railroads seek greater safety

IN THE field of safety, the railroads have developed the rail fissure detector car which, in passing over a track, detects defects in the rails and marks the spot with a dab of paint. New signalling systems, too, which reproduce in the engine cab the signals which govern the operation of the train, have speeded up schedules and lessened accidents.

Other railroad experiments have led to the adoption of rail motor cars on lines where traffic does not warrant operation of steam trains, have increased the capacity of freight cars without increasing weight, and have developed tank cars adapted to transporting acids or inflammable materials.

The savings made possible by these examples of railroad initiative, however, are overbalanced by the expenses incurred as a result of regulation which hampers management and prevents flexibility to meet changing conditions.

The conclusion of the whole matter is that the time has come for the simplification and economy of regulation both in the interests of efficiency and relief of burdens upon the taxpayers; and that authority should be handed back to the railroads to manage their properties except as to matters essential to assure fair rates or public safety. Relieved of its multiplicity of non-essential duties the Interstate Commerce Commission could handle its essential business better than under the present scheme. The vast organization and numerous hearings relating to details of equipment and operation could be withdrawn from government commissions entirely and left in the hands of railroad management itself. And these managements, freed from this hampering and time consuming regulation of detail, could better perform their broadened service of transportation to the public.

Production and the Sherman Law

By
**AMOS L.
BEATY**

President, American Petroleum Institute



THE Sherman Law was passed to safeguard the public interest. A feeling is now growing up that, in the natural resource industries, it is doing exactly the opposite. Mr. Beaty explains this view and tells why not only producers but consumers as well are feeling its effects

This does not mean that overproduction in general is a subject that must remain untouched, but the case is doubly clear when we are considering the economic waste of a limited and irreplaceable natural resource.

It may be argued that the Rule of Reason—an unwritten part of every anti-trust law—takes care of a majority of all worthy situations. That probably is true in a sense but lawyers do not agree on this point and business men dislike to take chances. Why should the law be left in doubt?

It would seem that Congress should recognize the dilemma in which American business now finds itself. A legislative declaration in favor of reasonable agreements to avoid overproduction and balance supply with demand would be a service to the nation, and the enactment of proper safeguards against abuse should not be a difficult task.

For three years the world has been suffering from overproduction. Our own country, with its machines and mass production, has been the largest producer and, therefore, the chief offender. We have swung from the schemes and combinations of forty years ago, which the Sherman law was intended to end and prevent, to a free-for-all orgy of overproduction and ferocious competition. Regardless of which extreme is

worse, a sufficient commentary upon the present is the fact that surplus food has caused thousands to beg for bread.

Lack of coordination is the fault. As the law now reads, or is construed by many, there can be no coordination of the units of an industry in this vital matter of production. The country construes the law to mean that competing units may not agree to restrict production even when the public interest would be served or a national calamity averted. It understands that even limited and irreplaceable natural resources are subject to raids and dumping and must so remain until the law is changed. Does the country like the present situation or would it welcome the change?

Congress has the responsibility, not only of interpreting the public will, but



WITH all deference to the economists who say that the Sherman Act should not be changed except to make it more stringent, it is safe to assert that some modification is needed. Conspiracies in restraint of trade and combinations or agreements which operate unreasonably in that direction must of course be prohibited. But it is often in the public interest to restrict production of given commodities for a period. Certainly the overproduction of an irreplaceable natural resource, the crowding of its products into fields which are better left to more plentiful resources, and demoralization of commerce which usually follows such displacement, make a clear case for restrictions.

of doing so seasonably. In supporting the referendum of the Chamber of Commerce of the United States¹ the committee advanced arguments which would seem unanswerable. They leave little to be said on the main proposition. The plan of having a federal tribunal to pass upon agreements, lest the public interest suffer, may be essential. It is not easy to define the conditions which in themselves and without the decision of some tribunal would warrant agreements restricting production. Such agreements might be legalized during periods of overproduction and physical or economic waste, and it might be enacted that their justification should be deemed conclusive when and so long as production in the United States, together with imports, exceeds consumption in and exports from the United States.

But this would leave open the question of stocks. At one time it might be in the public interest to reduce stocks, while at another time it might be desirable to increase them. Even with a tribunal empowered to pass upon agree-

ments, some general guide for the tribunal would be desirable, and this should be in the act. My personal feeling is that it would be feasible to state tests and require the agreements to stand or fall by such tests, without the intervention of a tribunal. This would avoid much administrative detail and be more satisfactory to the industries. But it is probably too much to expect that Congress at this time would go that far.

When we come to consider the probable attitude of the consuming public toward a measure of the kind proposed in the referendum, it is important to remember that there is also a producing public. Everything consumed must be produced, and the public should be interested more in fair practices and proper balance than in high or low prices. Overproduction and low prices never benefited any class of people.

Congressional legislation of the kind advocated is only one step, however. It would permit certain agreements so far as the Federal Government is concerned. Products of the natural resource industries ultimately move, to a large extent, in interstate commerce and, since they are thus destined, federal sanction of restrictions is desirable if not essential. Unfortunately or otherwise, however, the industries must consider their relations to the states. This is true because production is primarily an intrastate

operation. Nearly all the states have anti-trust laws.

The federal feature should not be allowed to eclipse state law entirely. Federal sanction to enter into constructive agreements would not profit an industry much if these agreements were still prohibited by state law. Of course, one step at a time may be enough to plan. But when two steps are required the second should be in mind when the first is taken.

In the campaign now being conducted by business leaders they should not overlook the states. Already one state has challenged certain sanctions given by the Federal Government and has indicated resentment at the supposed invasion of states' rights. This aspect of the matter must be faced.

The observations last made with reference to the Chamber's referendum and the attitude of the states apply with equal force to the proposal now pending before the American Bar Association to amend the federal anti-trust laws as recommended by the Standing Committee on Commerce and to the program of the Minerals Section. The battle is only partly won when a new or clear federal rule is obtained. The campaign must be carried into the states, or into those which still take pride in "trust busting" and fail to see the other side of the picture.

¹Mr. Beaty refers to Referendum No. 59 of the U. S. Chamber of Commerce on the report of the Department Committee on Natural Resource Industries. The Committee recommended that a tribunal of officials of the Federal Government familiar with natural resource industries should be authorized to permit agreements for curtailment of production in such an industry during the continuance of a condition of overproduction found by the tribunal to be injurious to the public interest. The proposal was approved by the Chamber membership.

The Coal Men Test the Sherman Law

By W. DuB. BROOKINGS

Manager, Natural Resources Production Department, U. S. Chamber of Commerce

★ **UNITED STATES vs. Appalachian Coals, Inc., a case recently tried in Federal Court, will have great importance in determining application of the Sherman Act**

"UNITED States vs. Appalachian Coals, Incorporated," is the prosaic title of a lawsuit which will soon be before the Supreme Court. But this suit is far from prosaic in its setting, in the magnitude of the interests concerned, and in its importance to the welfare of a great industry and of the public. No case in recent years has been watched with greater interest. Whichever way the decision goes it is certain to have a wide influence upon the types of business organizations em-

ployed by business men to meet modern conditions.

The first chapter in this important lawsuit closed October 3, when the Federal three-judge Court for the Western District of Virginia rendered a decision in favor of the Government. It is expected that the Supreme Court will expedite the case and write the final chapter sometime early this winter.

Expressed briefly, the Department of Justice has invoked the Sherman Act against 137 coal mining operators in

the Appalachian mountain region of West Virginia, Virginia, Tennessee and Kentucky, who have organized a sales agency called, "Appalachian Coals, Inc.," through which they propose to distribute their outputs. They claim many advantages for this sales agency in economies of organization, efficient distribution, elimination of conditions that produce an excessive, unnatural and destructive competition. The Government, however, contends that the arrangement gives these companies control over production and prices, and that, under the Sherman Act, this constitutes an illegal restraint of trade.

The decision will have great importance in determining the application of the Act to modern business conditions, because, although the Act has been on the federal statute books for 42 years, there still remains uncertainty among

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business men as to its practical application.

The conditions within the bituminous coal industry, and the circumstances that led a field of the industry to organize Appalachian Coals, Inc., and the bringing of this test suit, illustrate strikingly some of the difficulties American industries face in determining how far the Sherman Act interferes with activities which they think are necessary to meet modern conditions.

Excess capacity

DURING the War the productive capacity of the bituminous industry was expanded beyond normal needs. This intensified a condition that had always been bothersome, the necessity of maintaining excess capacity even in normal times to take care of seasonal demands and fluctuations in business demands. Soft coal cannot be stored in anything approaching adequate quantities for any length of time; for the most part it must be shipped direct from mine to consumer. Other factors have tended to emphasize this excess productive capacity. In normal times more than 4,000 companies of recognized commercial standing are in the field. Besides these, there are many mines picturesquely described as "snowbird", "wagon" or "gopher hole"—mines that start up overnight when prices are sufficiently attractive and as readily close down with no need to worry about overhead.

Improved methods of use, and competition from oil have greatly reduced the amount of coal used. Operators are naturally reluctant to close their mines to meet a business recession, because this means heavy deterioration, frequently abandonment of the underground works, and great addition to the overhead. Added to these factors are other heavy overhead charges, which force the operators into a bitter struggle for existing markets. The result has been extreme competition which has prevented the industry from enjoying a proper measure of prosperity.

Statesmen, economists and leading citizens agree that the coal industry must be stabilized. There are 500,000 bituminous coal miners in normal times;

they and their dependents number 2,500,000. The lack of profit to the coal operators is paralleled by low wages to labor, and thus is created an important social problem. The lack of proper returns has also prevented the communities where coal resources are found from obtaining adequate government revenue to meet their educational and social requirements.



Every year the bituminous industry delivers enough coal to build a Chinese Wall around the United States

The income tax returns to corporations in the bituminous coal industry show its unhappy financial condition. The losses for the entire industry exceeded profits by \$27,900,000 in 1928, and by \$15,234,000 in 1929—years when industry in general was prosperous. Income tax figures are not available for 1930 and 1931, but Bureau of Mines figures for those years show smaller returns per ton for coal at the mines than in 1928 and 1929, and indicate greater losses.

Not a backward industry

THESE conditions are not temporary, they are recognized as chronic; they characterized the whole industry long before the depression.

The industry cannot be accused of inefficiency or lack of ability, or indifference to its own welfare. Every year the industry delivers enough coal to build a Chinese Wall around the United States. The average price at the mine for 1931, including all overhead cost, was \$1.52 a ton. Nor has there been

lack of intelligent consideration of its problems. Trade associations have been developed both regionally and nationally, and they are alert to the industry's problems. Its own agencies and committees have given intensive thought to developing ways and policies for the conduct of the industry; and in these efforts it has had plenty of assistance, for probably no American industry has been investigated more frequently by federal and state government agencies, research institutions and by individual students.

Out of all of these studies have come many conclusions, but upon one there is general agreement—that some means must be found whereby the operating units of the coal industry can unite in producing and marketing their product. The United States Coal Commission, after an exhaustive study in 1923, emphasized the need for concentrating the units of the industry. As one means to that end the Commission stated that mergers should be encouraged.

Unfortunately, however, mergers do not seem to be successful in the coal industry. There have been a few mergers, some of them

large. At present, however, the largest merger in the industry—an organization that produces 15,000,000 tons of coal a year at some 30 mines—is in the hands of a receiver. Other mergers have been proposed, and have made some progress with negotiations, but have failed of consummation. It is the consensus of opinion that the merger method does not offer a way out for the coal industry.

For these reasons, the producing units developed the sales agency plan. This step required unusual courage because they knew they must determine the legality of the plan under the Sherman Act and business men hesitate to incur court proceedings on questions of moral business conduct.

The Department of Justice was kept informed of the progress in setting up this agency. Public statements of officials of the Department show clearly that it realizes the industry's difficulties and is sympathetic to its efforts to find some way of meeting them, although it has specifically questioned the

(Continued on page 53)

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Can Consumption of Food

By V. H. PELZ

Director, Editorial and Research Staff, American Institute of Food Distribution

EVEN though, during the last two or three years, overproduction and accumulated stocks of food have been the most painful aspect of the agricultural problem, nevertheless the declining *per capita* consumption of food, in terms of calories, has been an important factor.

Closely connected with declining consumption has been the limited capacity of the human stomach.

These two factors have acted as barriers to the expansion of the food industry. That their influence has not been more generally perceived is due primarily to the fact that the United States has had a steady growth in population which has increased the total demand for food. But we are told today that this growth is slackening and that as the average age of our population increases, *per capita* calory requirements will tend to stabilize in amount.

This involves considerably more than an academic question. Fifty thousand food manufacturers, thousands of wholesale distributors, and probably three-quarters of a million retail outlets for food and food preparations have a vital interest in the subject.

Every magazine, every newspaper, every advertising agency has a similar interest because, if consumption cannot be increased, is not, from the social viewpoint, advertising itself an economic waste?

Thus we see that the food trades and the industries collateral to them, face the question of whether the consumption of food can be increased, and if so, how. No one fears that food products will ever be completely superseded by new inventions—unless the age of synthetic food is nearer than we now suppose. But the food industry, nevertheless, is up against a fundamental problem. Can consumption of its output, measured in any economic or business terms whatsoever, be increased?

To admit that consumption cannot be increased is for the food industry to adopt a policy of economic fatalism which is not only contrary to the main characteristics of American business life, but which, at least in my opinion, is not justified by the evidence even now available as to possibilities and trends for the future.

Briefly, these possibilities can be summarized as follows:

1. Because an increasing proportion of our food is now being



In 1930 food took 33 per cent of our income

subjected to some sort of processing before it reaches our tables, the initiative for this change will, to a considerable degree, lie with food manufacturers.

2. The increase will come primarily from diversification of the diet.
3. From the manufacturers' standpoint, this diversification will result in an increase in the dollar value per calory of the food intake.

Fewer cereals and more fruit

A RECENT computation by E. G. Montgomery of the Department of Commerce, of the changes in *per capita* food consumption indicates in general terms the direction and extent of the diversification which has already occurred:

CHANGES IN *Per Capita* FOOD CONSUMPTION (In pounds)

Item	About 1899	1922-1927	Change
Cereals	350	230	—120
Meats	142	145	+ 3
Fats and oils	34	44	+ 10
Sugar	61	105	+ 44
Dairy products (in terms of milk)	800-900	*1,040	+150
Principal fruits (in terms of fresh fruit)	169	192	+ 23

*1926 figure.

Here in less than 30 years, we have a net increase of about 6.7 per cent in the bulk of food consumed. Some of this increase probably has found its way into the garbage can. Much of it has been in low-calory products. It should be noted also that vegetables are omitted from these figures, simply because accurate figures on the volume of vegetable production for the earlier years cannot be obtained.

Consumption of some vegetables has increased. The *per capita* consumption of spinach for table use increased 130 per cent between 1922 and 1927; of asparagus, 75 per cent in this same period; of lettuce, 66 per cent; of celery, 53 per cent; of peas, 325 per cent (though much of this undoubtedly represents the substitution of commercial for home production). Here is a marked instance of diversification accompanied by increase in the bulk of food intake.

The reason for, as well as the fact of, this diversification is clearly set forth in a report by the Food Research Institute at Stanford:

This diversification is the result of prosperity, improvements in agricultural products, improved methods of distribution and storage, prolongation of seasons, improvements in processing and packing, improvements in household culinary equipment and practices, aided by a trend of dietetic education in the direction of diversification, and supported by advertising campaigns. The

Be Increased?

ILLUSTRATIONS BY DON MILLAR

diversified diet is distinctly more expensive than was the staple diet it has supplanted.

Even though *per capita* consumption, measured in calories, is limited and constantly declining, there is little doubt that the *per capita* consumption of food measured in dollar value per calory is increasing. In this sort of a development lie profit-making possibilities which the food industry as a whole has only slightly comprehended. Despite the increase in packaging of food, despite the growth of commercial production of the fruits, vegetables, meats, dairy and poultry products which formerly were raised at home, it is safe to say that the diet of the average family today is much closer in actual make-up, quality, and variety to that of a generation ago than is its consumption of clothing, housing, and transportation.

The extent to which other realms of expenditure have absorbed an increasing part of the total family income is seen in some figures prepared recently by R. B. Sharbrough of A. & P. These figures show estimated percentage of total income spent for food at various times:

1797—Sir Frederick Eden (English)	73 per cent
1853—Dr. Ernst Engel	67 per cent
1901—Bureau of Labor Statistics	43 per cent
1918—Bureau of Labor Statistics	38.2 per cent
1926—A. & P. estimate	34.6 per cent
1930—A. & P. estimate	33 per cent

We could spend more for food

WHETHER or not these estimates are entirely correct, they indicate possibilities for diverting a part of the consumer's dollar to food, provided consumers can be persuaded that they should spend relatively more for food than for other things. Whether any such increase is socially justifiable is entirely beside the point. If the increasing cost per calory results in a release from household drudgery and the consequent opening of opportunities for more useful or pleasurable occupations, it is thoroughly justifiable from a social standpoint.

Though the food industry as a whole has only begun to grasp fully the opportunities that lie in this process of diversifying the American diet, enough manufacturers have already done so to make fairly clear the way future developments can take place.

In the first place, manufacturers will continue their efforts to make specialty products of staples, to make luxuries out of necessities.

One of the best illustrations of this process is the history of the Quaker Oats Company. Many years ago, when oat-



Food took 73 per cent of the 1797 income

★ **EVEN** in the midst of the most prodigal plenty, the human being can only consume a certain amount of food. This fact is often mentioned as a limitation on the markets and profit of the food industry. Mr. Pelz does not believe it needs to have this effect. In this article he points out how this obstacle, if it cannot be eliminated, can at least be overcome

meal was customarily sold out of a barrel, which came from a miller whose name was often not even known to the retailer, the Quaker Oats Company took what was then a revolutionary step. It packed its oatmeal in small packages with a Quaker label to identify the manufacturer. Quaker not only packed oatmeal in this manner, but has also put up corn meal and wheat flakes under its own brands.

But now the Quaker Oats Company faces a new problem. Today, oatmeal in packages is as staple a product as oatmeal in barrels was 40 years ago. To pack a staple in a package, even a fancy one, is not enough. Something more is called for.

So we see Quaker Oats taking another revolutionary step. They have put oatmeal, corn meal and wheat meal through a new process and have turned out a product called "Crackels."

In comparison with the oatmeal and the corn meal of my grandfather's day, even the present day packages of Quaker Oats and Quaker Corn Meal would have been considered extravagance. To us they are staples. "Crackels" is a specialty. Here we have inventive ingenuity developing a product which has a greater appeal. Such a product can

find a market only where average income and standards of living permit such an expenditure.

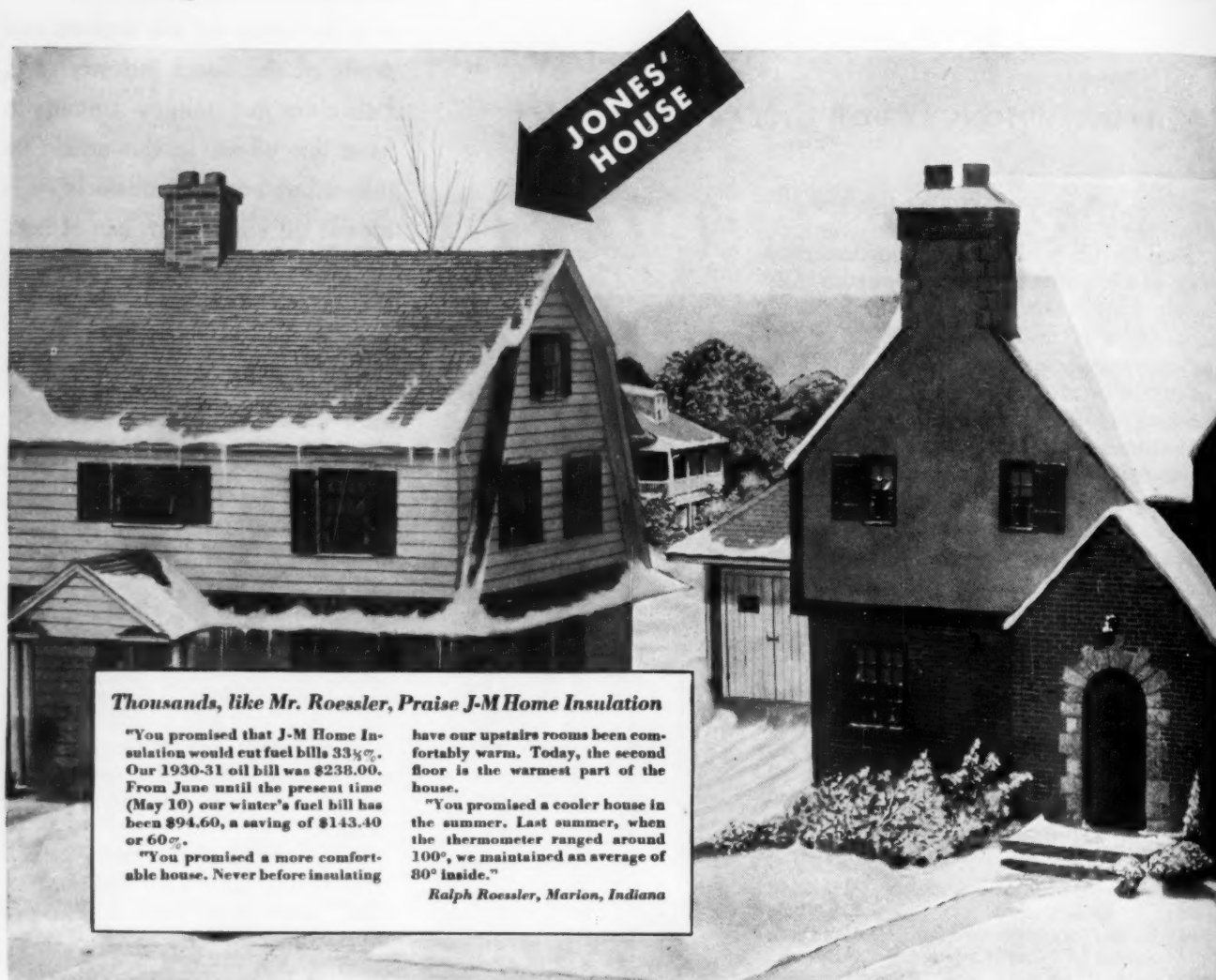
Other illustrations come readily to mind. In discussing this aspect of the development of General Foods, Ralph Starr Butler, vice president in charge of advertising, said:

Bran, although accepted as feed for animals, had never been developed as a human food until a manufacturer found a way to prepare it in palatable form. Gelatin was first proposed as an ingredient for desserts as far back as the time of Peter Cooper. Not until a manufacturer found a way to combine gelatin with fruit flavor, sugar and coloring had gelatin desserts become an important factor on the tables of this country.

We even find a responsible official of A. & P. telling the meat packers that they



Why didn't the snow melt



Why will Jones pay 35% more for fuel this winter than Smith... and be less comfortable? Why was the Smiths' home 8° to 15° cooler than the Browns' this summer?

HERE are three homes—with identical weather conditions—yet the snow has remained unmelted on only one! Why?

Both Mr. Brown and Mr. Jones will pay 20% to 35% higher fuel bills this winter than Mr. Smith—and yet not enjoy as much warmth, comfort or freedom from draughts. Why?

This summer the Smiths' house was always 8° to 15° cooler than their neighbors'—their upstairs bedrooms always more comfortable. Why?

The answer is simple, and should be interesting and profitable to every

home owner, *this* year particularly.

The walls of practically every house from cellar to attic are *hollow*! Only a thin barrier lies between bedrooms and attic—and between attic and roof.

In winter, heat passes out through this sieve-like construction at an astonishing rate. Comfort is lost... fuel wasted... houses are draughty and hard to heat. In summer, heat comes in... and stays there... often hotter indoors than out... walls and roof offer no resistance.

If snow melts quickly from your roof... take care! You're wasting

heat... (and dollars, too) unnecessarily—for the remedy is simple and economical.

Johns-Manville, experienced in solving the heat and cold problems of industry for 70 years, has perfected an astounding new and ingenious method of permanently sealing your home against winter cold and summer heat.

Revolutionary New Discovery

A new, amazingly efficient insulation, "Rock Wool," spun from melted rock at terrific temperatures... fire-proof, rot-proof, vermin-proof and

When writing to JOHNS-MANVILLE

on the Smiths' house?



permanent . . . is quickly blown through a hose under attic floor or roof, into hollow side walls—no alterations—no disturbance to the family. *A four-inch-thick blanket equal in heat resistance to a stone wall 11 feet thick!*

New Standard of Home Comfort

Johns-Manville Home Insulation has made it possible for more than 20,000 home owners to enjoy new standards of year 'round home comfort—never before possible.

You can reduce your fuel expense this winter 20% to 35% . . . assure comfort throughout the house, even on

bitterest days. And next summer you'll enjoy rooms 8° to 15° cooler.

You'll find the cost surprisingly economical—deferred payments, if you prefer. Consider this . . . you're paying for J-M Home Insulation whether you buy it or not . . . in heat loss, in year 'round discomfort. After you buy it, it starts paying you back . . . in fuel dollars saved, in comfort you can measure on the thermometer.

May we send you our free book, "Blow Comfort Into Your Home." You'll find it interesting, perhaps profitable. Address Johns-Manville, 294 Madison Ave., New York City.



Your Home Permanently Protected Against Heat—Cold

Four inches of thick, fireproof, permanent "ROCK WOOL," skillfully blown through a hose into place in attic or side walls, shuts out winter cold and summer heat. Year 'round comfort . . . fuel bills cut 20% to 35%. No upkeep—the first cost is the last. Time payments if you wish.

Johns-Manville



please mention Nation's Business

Controls

HEAT, COLD, SOUND, MOTION

Protects against

FIRE AND WEATHER

are backward in developing new products. Said T. A. Connors, addressing the Institute of American Meat Packers:

With your thousand and one products, what per cent of the sales is represented by packaged, canned or glass goods? Recently Hormel has led the way, but the surface has not been scratched. If the public can be educated to ask for Puffed Rice, Postum, Jell-O, Crisco, tomato juice, fruits and vegetables, soup and chicken-à-la-king, by brand name in packages or cans, is it unreasonable to expect that the packers can do the same thing with corned beef, ham, beef, lamb, or veal stew, a pork paste, a consumer package of dry sausage, or frankfurters?

More effort to sell food

IN THE week by week news of advertising plans we see company after company, manufacturing specialty food products of all kinds, announcing the appointment of an advertising agency where formerly they had no agency at all or had handled advertising directly with publications. For example, the Washington Cooperative Egg and Poultry Association is planning to advertise canned chicken tamales, obviously a product which will afford an outlet for chicken which is greater in unit value than poultry. Foodtown Kitchens, Inc., has put upon the market a new line of Wheat Pops and Rice Pops. Stahl-Meyer, Inc., is planning to place the lowly hot dog alongside the finest foods in glass.

All these are "new" products. Yet they are also old ones, because, in every case, inventive ingenuity has taken a staple article and given it a new appeal. Yet, in view of the fact that food products take one-third of the average family budget, such new items are not nearly as numerous as they might be. The second way in which manufacturers will seek profit possibilities through increasing the dollar value per calory is by preparing foods in such a way that the drudgery of cooking is decreased.

Every housewife knows what a chore it is to bake a ham. Hormel comes along with a product which requires only warming in the oven. True, Hormel canned ham costs more than cured ham, but such an expenditure may seem small compared to the advantages derived. Canned vegetables for infant feeding represent a development in factory preparation of foods which have in the past involved hours of labor for mothers. Every father who ever had to put his infant's vegetables through a sieve has wondered why somebody did not do that job on a factory basis. Now it is being done.

Fundamentally, of course, this attempt to raise the per calory cost of foods is simply another means of putting to work the conception of the constant search for new products which has been so ably expressed by C. F. Kettering, vice president of the General Motors Corporation. Mr. Kettering is known to most business men as an exponent of the idea that "research" can be made practical, and that it can richly reward those who employ it intelligently. Speaking before the Advertising Federation of America, Mr. Kettering said:

Business will come back when we get some products that people want to buy. . . . Research is an organized method of keeping everybody reasonably dissatisfied with what he has. . . . During the war everybody worked days and nights and Sundays, working against a time limit of accomplishment. Out of that there came an enormous number of developments—the radio, talking pictures, new paints, new types of gasolines, and a thousand other

things. Business picked those up, and we started to make a variety of products which people wanted.

One of the reasons for the backwardness of the food industry is that, during the war, food was rationed and new products in new forms were discouraged. There was no release of inventive ability in the food industry such as took place in other industries.

Of all the major industries, there is none—unless it be coal—which is still so dominated by thinking in terms of staples which change not from year to year. Until one talks with men who have spent their lives in the food trade, it is hard to realize how strong is the hold of tradition.

The possibilities of research in the one factor of flavor alone are clearly described in an editorial from a recent issue of *Food Industries*:

No one attribute of food is more important from the standpoint of consumer acceptance than flavor, and none is less understood. Why have not research laboratories been studying the question of flavor? To be sure, it will be difficult to measure flavor, but we believe it would be worth while. The field is almost untouched and is waiting for the investigations of the research department.

In all this effort to lift foods into the luxury class, advertising plays a dominant part. It should, for this is a rôle which advertising is peculiarly well fitted to play. No product can be lifted from the staple into the specialty class without advertising in some form or other.

Advertising helps selling

IN THE case of a staple, commodity advertising may be likened to the oil in one's car. It serves simply as lubricant. It eliminates friction in selling. If some arch opponent of advertising could suddenly wipe all advertising out of existence, we would still eat flour and beans and meat and vegetables and bread and milk and other staple foods. Demand for these is already created—it arises out of hunger. But think of the difficulties involved in creating demand for the specialty product, the new product, the unique product, the product which is unknown, if advertising could not be used to acquaint people with it! How long would it have taken Golden Bear Cookies to have made their march from the Pacific to the Atlantic Coast if advertising had not been available? How quickly could word of mouth advertising alone have spread knowledge of

strained vegetables for feeding babies? To specialty products such as these, advertising is not only lubricant, it is motive power. The food industry is today at the parting of the ways. To follow the old familiar "staple" road, leads to declining consumption, not only in calories, but in dollars.

The new road is hardly a road at all. It is little more than a trail which has been blazed a few years ahead by the scientists who have learned how to preserve food by intense heat and intense cold, and who have been more recently hunting down the elusive vitamin. It is a path into unknown territories of experiment and risk of failure. But at the end of this trail lie possibilities which are limited only by our national standards of living and by the ability of food manufacturers to keep their share of the total purchasing power in competition with the other "luxuries" of life.



The Quaker Company put its oatmeal in packages with its own label

I'm going to **START** **SOMETHING** *in my own* *Business!*



"IT'S TIME for Action! I'm one of thousands of business men who have been sitting tight, waiting for business to return to normal — hoping it will happen 'over-night'. Now I'm tired of waiting for a miracle to happen. I'm going to do something about it—myself!

"I've determined that my salvation lies in my own hands. I'm going to start a Prosperity Drive within my own business. I'm convinced I can do it. I've seen actual records of other companies that have been reducing expenses, getting orders and increasing profits. And I've

had it proved that the methods they use to forge ahead consistently will prove equally effective for me.

"I've called in the Addressograph-Multigraph man to give me counsel in the application of new ideas to my business practices. He has studied my present methods and problems, and has given me logical fact-and-figure proof that Addressograph and Multigraph will increase net earnings for me **RIGHT NOW**. I'm going to **START SOMETHING** in my own business, and I'm going to make the coming months more profitable than ever before!"

(Ask an Addressograph-Multigraph representative to give you proof that it is possible to cut costs and increase profits in your business NOW. The figures will surprise you—ask him to submit them. There is no obligation)

Addressograph Company • Multigraph Company
Divisions of
Addressograph-Multigraph Corp. • Cleveland, Ohio

Addressograph
TRADE MARK

Multigraph
TRADE MARK

Ideas That Whipped Hard Times

By RAYMOND WILLOUGHBY

Of the Staff of NATION'S BUSINESS

A PHILOSOPHER might contend that the only profitable way to regard the depression would be to take it as a continuing course in applied economics. The cynic might retort that the teacher seems in a fair way to outlast the pupils. But, if the cost of tuition is severe, some businesses, big and little, are learning things they did not know before, had paid insufficient attention to, or did not understand.

As one executive puts it, "It has forced us to realize that we were capable of more effort than we knew we possessed. It has made us take stock of ourselves and our capabilities. In our particular case, it has made us develop old services and create new ones."

How the Postal Telegraph & Cable Company answered this challenge is told by C. B. Allsopp, commercial vice president, with particular reference to the development of a new messenger service, "The Best Business Builder in Ten Years." Describing the new service, he says:

Telegrams which precede advertising campaigns, stimulate them while in progress and check up on completion—uniformed messengers who effect retail distribution and make actual sales through the delivery of messages and merchandise, window displays and counter cards—highly individualistic deliveries to executives or door-to-door sampler distribution to consumers—in a single locality or a thousand cities—high spot or full national coverage—with speed, dignity and effectiveness—and at surprisingly low cost.

Of the usefulness of the new service, he reports,

In one of its forms, it brought 730,000 people into an automobile sales room and actually sold thousands of cars. In another, it obtained more than 94 per cent distribu-



Birthday cakes are part of the New Yorker's policy of "plus hospitality"

●
APPARENTLY the sports epigram, "A team that won't be licked can't be licked," applies also to business. Here are examples from the fields of

Communications
Refrigerators
Chemicals
Oil Burners
Beverages

Hotels
Woolens
Tobacco
Clocks
Hosiery

tion among retailers of a certain territory for the manufacturer of a new drug preparation. Again, it was an important factor in boosting sales of a drug store commodity some 175 per cent more than last year.

It has sold oil burners and has stimulated dealer attendance at sales meetings. It has accomplished sampler distribution of a food product to consumers and brought in sales from retailers in the same operation. It has sold subscriptions to a magazine. It has done so many things in so many different ways that it is possible to enumerate only a few of them.

How the Swann Corporation of Birmingham hustled out and laid hold

of business is a depression classic that can point a moral outside the chemical industry.

A thorough overhauling of this company's sales methods has uncovered millions of dollars of potential business that it never knew existed. The depression found the Swann organization with a diverse group of plants, each making a product for a specialized group of customers. The salesmen were specialists, too. Each man was convinced that no one else could sell his line.

The advertising was similarly compartmentized. Until 1931 the company had attempted no coordinated advertising, but in that year it made a complete about face.

Found business by testing

WHEN the Swann Corporation set about integrating its sales effort, it tested its knowledge of its markets with a sampling campaign in Ohio, selected because that state presented a fair cross section of American industry. The idea was to present the whole Swann line to each prospect. Compiled by products, by industries, by geographical divisions, this canvass showed the dimension and degree of the potential business.

It suggested that a thorough working of the industrial areas of the whole country would bring a definite amount of tonnage in each of the Swann fields. It indicated a great deal of tonnage in chemical lines not yet touched by Swann salesmen, and it showed that capable, chemically-trained men could build up a good volume for their company on L. C. L. business. This was a revolutionary conception to Swann men. Carloads were their basic unit.

Line selling, and territory combing could be done, and done profitably if

The First Step— Remember the good old adage, "Learn to walk before you run."

Metropolitan Life's contracts afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



METROPOLITAN LIFE INSURANCE COMPANY
1 MADISON AVENUE, NEW YORK, N.Y.
I am interested in planning a Thrift
Program and shall be glad to have the
advice of a Metropolitan Field-Man.

NAME _____

ADDRESS _____

CITY _____

STATE _____



MANY young fathers are not able to start extensive thrift programs for their families. But almost all of them are able to take the first step toward making constructive financial plans—in a modest way.

Millions of families in the United States and Canada are wisely building future financial protection with Life Insurance, paid for in small amounts weekly or monthly.

Many successful men of today still maintain their first small Life Insurance Policies taken

out for them during childhood by their parents. They realize that the continuation of these Policies is a good investment.

Metropolitan Field-Men are trained to give advice concerning all kinds of Life Insurance and to lay out limited programs for those who are not yet prepared to carry out a complete program.

Every one interested in Life Insurance, in whatever amount, large or small, can be assured of sound advice by consulting a Metropolitan Field-Man.

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

© 1932 M. L. I. CO.

Swann had a long line, and every salesman sold as much of the line as he could at every stop. But the machinery had to be developed. The first step was to set up in Birmingham the Central Information Department to which now comes a stream of facts, for translation into useful form, for retransmission back to the men on the firing line.

The success of line-selling, however, soon developed to the point where it was highly desirable to add many items. So items were added one by one as they won the approval of the research department. And the salesmen were given the data they needed in loose-leaf form.

Through these steps the organization was ready to double the sales-force and establish additional sales offices at strategic points.

Giving the guest more than he could reasonably expect at a price more modest than he would anticipate is the Hotel New Yorker's formula for getting and keeping business. This brand of hospitality has been publicized through advertising. Ralph Hitz, president of the National Hotel Management, the operating corporation, says:

"We have made a great advertising

newspaper, often brought by airplane so they read it at the same time they would enjoy it at home.

"We obtained the birthdays of thousands of guests and remember them with a greeting. If they happen to spend their birthday in our hotel we send them a cake."

Something of the paradoxical, if not the miraculous, is disclosed in the story of the Peerless Woolen Mills at Rossville, Ga., owned and operated by the Hutcheson family. Rossville is a community of 3,200. The Peerless mills constitute the chief industry. They have been running virtually full time, have sold their output, and have added new machinery.

At the first of September, 750 people were on the pay roll. All of the regular employees have been continuously employed throughout the past three years.

Here's the way the management set out to beat the depression, as told by John L. Hutcheson, Jr., production manager:

We figured when we first began to hear of depression that, even if millions of men were out of work, more millions were working and would have to have clothes. Our

They want a substantial cloth at a low price and we've been making it.

I don't say business isn't bad, but there is business to be had and we've been getting it.

More than that, we've gone into a new business—blankets. We did there what we've done in other lines. We asked outstanding retailers at what price they could sell blankets. They suggested that if a standard size wool blanket could be made to retail at about \$3.59 they could sell it in quantities.

We started to figure what we could make blankets for.

We offered a blanket, all wool, standard size first for \$2.65, and later at \$2.35.

At that price we've been able to sell blankets faster than we can make them.

A profit of \$3,000,000 during 1931 and not a single worker laid off in the depression is the record presented by Richman Brothers, Cleveland clothing manufacturers, through operation of a cooperative worker-owned factory. With every worker—from night watchman to president—a shareholder and partner in the business, officers of the company believe they have at least one key to solving the depression and paving the way to better times.

According to William P. Junglas, vice president, the system has resulted in teamwork, quality workmanship and greater efficiency, with every employee working for himself. It has also eliminated labor troubles throughout the more than 50 years of the company's existence.

"In spite of adverse conditions generally," he added, "we have kept our workers steadily employed by means of the stagger plan, operating five days a week. We have not failed to declare our quarterly dividend in ten years."

The Leonard refrigerator bears an old and well known name. Its history goes back 51 years.

In July, the Leonard Refrigerator Company, now of Detroit, manufacturers of electric refrigerators, began what it called the "Oldest Leonard" campaign. Through display advertising in approximately a thousand newspapers, distributors announced that the factory would pay \$500 for the oldest Leonard ice box. Furthermore, each distributor announced that he would exchange a brand new Leonard electric for the oldest Leonard in his territory.

As a result, thousands of users of Leonard ice boxes registered with dealers, presenting evidence as to the age of their models. For every 18 entrance coupons filed, a Leonard electric was sold.

Orders for electric refrigerators, received in the first ten days of August,



Postal Telegraph's new messenger service has sold automobiles, drug preparations, oil burners and food products successfully

and selling effort but we at no time have expected advertising to perform miracles for us—we have tried to back up this advertising with special services."

Special services bring guests back

BY WAY of indicating the special services, he said:

"We give guests their home town

basic business was making woollens for men's and boys' suits and we figured that a large part of the market was still there but it would have to be on a new price level.

Another market grows out of hard times, a market whose size would surprise you if you could get at the figures. That's the market for extra trousers. We've manufactured for that market. Hundreds of thousands of men have reduced incomes. They find themselves with a coat and vest in fairly good condition but their trousers are worn out.



CORN PRODUCTS REFINING COMPANY

displays its preference with
increasing investment in Pneumatic Machines

Money does talk, very forcibly in many cases. The money invested by America's leading packaged goods manufacturers in Pneumatic Machines, speaks louder than any words of their confidence in this packaging method.

An analysis of the purchases of Pneumatic Machines by these companies is your best buying guide to the safest and most satisfactory investment of the money you spend for packaging machinery.

Corn Products Refining Company, manufacturers and distributors of Argo and Linit are a typical example. The chart of their Pneumatic Machine purchases shows an upward curve built on "repeat" orders over a period of years. Only completely satisfactory performance could inspire such emphatic approval demonstrated in dollars and cents!

The advantages and economies of the Pneumatic system can be very definitely proven to you from the experience of other companies. This proof, and the help and advice of our engineers, is yours for the writing without obligation.

PNEUMATIC MACHINES

Carton Feeders—Bottom Sealers—
Lining Machines—Weighing Ma-
chines (Net and Gross)—Top Sealers—
Wrapping Machines (Tight and Wax)
—Capping Machines—Labeling Ma-
chines—Vacuum Filling Machines (for
liquids or semi-liquids)—Automatic
Capping Machines—Automatic Cap
Feeding Machines—Tea Ball Machines

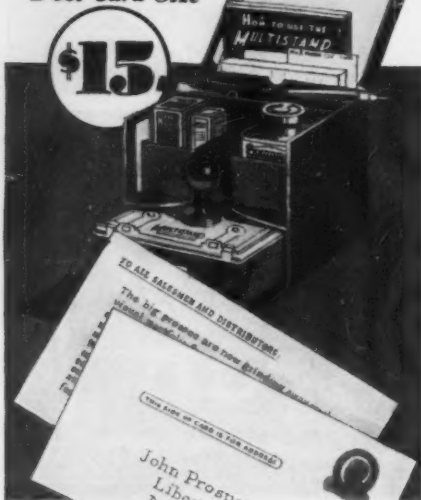
PNEUMATIC SCALE PACKAGING MACHINERY

PNEUMATIC SCALE CORP., LTD., 67 NEWPORT AVE.
NORFOLK DOWNS (QUINCY), MASS.

Branch Offices in New York, 117 Liberty St.; Chicago, 360 North Michigan Ave.;
San Francisco, 320 Market St.; Melbourne, Victoria; Sydney, N. S. W. and
Trafalgar House, No. 9 Whitehall, London, England

The 2 Biggest Bargains in DIRECT MAIL ADVERTISING

No.3
Post Card Size



(1) The MULTISTAMP (2) The POST CARD

NOW, the Government Post Card is a great Mail Advertising bargain. Carrying charges and paper stock, all for a penny. Multistamp prints cards with type, handwriting, drawings, tracings. Perfect prints that get attention, make sales. Multistamp IS EASY TO USE. Use the stencil as you would a sheet of paper. Snap it on the Multistamp. Print 1,500 copies per hour. Does the work of big, expensive duplicators at a fraction of the cost.

Post Card Size, illustrated above costs only \$15.00 complete

There is a SIZE MULTISTAMP FOR EVERY NEED. Printing surfaces from rubber stamp size to full page at prices from \$7.50 to \$35.00 complete. Combinations of three sizes with complete supplies in metal cabinets, \$50.00 and \$60.00. (Prices F. O. B. Factory.)

Every Multistamp Guaranteed
Five Years. 300,000 in use.

Consult your Classified 'Phone Directory. Ask for Demonstration.

—GET THE FACTS—

THE MULTISTAMP COMPANY
529 W. 20th St., Norfolk, Va.

I would like to see samples of Multistamp Work. I would like verified FACTS on how Multistamp is saving money, increasing profits for business like mine. No obligations.

Name.....

Address.....

Business.....

(A few Multistamp Sales Territories are open to responsible men of executive ability. If interested, check here ☐)

When writing please mention Nation's Business

were nearly double those represented in shipments made during the entire month of August, 1931. Their volume, from August 1 to 10, inclusive, was 188 per cent of the total number of shipments for the entire month last year, on the word of R. I. Petrie, sales manager.

In a factory-to-user campaign in August, the Williams Oil-O-Matic Heating Corporation sold 80 Oil-O-Matics in Bloomington, Ill., where the plant is situated.

Shop and office workers were the salesmen during the campaign. Men with no sales experience were put into exclusive territories and quickly accustomed themselves to their new work. This new blood, company executives feel, was an important factor in the success of the local promotion.

General Motors agrees in this opinion. It announces that more than \$1,000,000 worth of Frigidaires were sold in May and June by a small group of retail stores. In Boston, Houghton & Dutton sold in one day 504 electric refrigerators for a total of \$60,000.

The smartness of the move to bring out quality typewriters with prices scaled to depression incomes is reflected in the volume sales which have enabled Remington Rand to bring out two models in the low price field. The increased production of the Royal Signet, in this field, jumped the Royal Typewriter Company's Hartford plant pay roll \$3,000 one week and an additional \$2,000 the next week.

New packages helped sales

THE Diamond Ginger Ale Company of Waterbury, Conn., made repackaging and new labels for its entire line the first step toward sales improvement. Next, a bottle large enough to serve six people was introduced, and the advertising featured the price of 20 cents.

The substance of fulfilment, as well as the dimension of Tom Marshall's celebrated wish, is specified in the advertisement, "White Owl at Five Cents Wins From Coast to Coast."

Smokers paid more than \$21,000,000 for White Owls within the last year, according to J. E. Whitwell, assistant general manager of the General Cigar Company, also makers of the Robert Burns, Van Dyke and William Penn brands.

Our White Owl prosperity drive was staged largely to give the 140 salesmen working out of the Chicago office visible evidence that we were starting on our most energetic selling year. The Chicago branch services more than 50,000 dealers. More than 80 per cent of them sell White Owls. Including other branches, we service 117,

000 dealers in the Central West. Each salesman carries a stock of cigars in his car. He delivers and collects. He personally completes each transaction.

Early in the depression the managers of the Gilbert Clock Company, Winsted, Conn., assured the workers that if they would give 100 per cent good workmanship, they would be kept busy, with the result, says Norman L. Stevens, vice president, that the man "took to heart our slogan, 'The Result Depends On Me,' and we immediately began to see increased production, better merchandise and lower costs."

Cooperative salesmanship

IN SELLING "we constantly work in the field with our salesmen, and they like it. They do not hesitate to write to us for help and that, in my opinion," Mr. Stevens adds, "is one reason why our plant is running full time." This cooperative salesmanship is well exemplified in the use of a plane to transport clocks from the Chicago office to a dealer in St. Louis. Here is the story of the sale in Mr. Stevens' words:

The cost of chartering this plane, plus the salesman's time, greatly exceeded the price which we received for this particular shipment of clocks; however, there was an opportunity in St. Louis to put over a sale and time would not permit delivery from the factory. Samples were, therefore, taken from our Chicago office, loaded into a plane and flown to St. Louis.

This sales idea was conceived at 9 o'clock in the morning in Chicago. Our Chicago manager had all copy for the customer's ad laid out and ready for the press; had sample clocks in the store window and was back at his hotel by 9 o'clock that night. In 12 hours he moved clocks from Chicago to St. Louis, took charge of the customer's counter display and window decoration, and wrote the advertising. We at the factory knew nothing of it until his expense sheet came in. We O.K'd the expense, and in due course received a sizable order which more than paid for the service our manager had rendered to his customer.

How an improvement in electric lamps operated to the benefit of a maker of electric switches is told by a spokesman for the Bryant Electric Company, Bridgeport, Conn. He says:

In the past our business has largely been electric switches, going largely to the building industry. Our volume with that industry has been cut probably 40 per cent or more. On the other hand, our volume with the miscellaneous industries has held up. The larger sale of electric ranges and such equipment has helped.

Now a 25 watt lamp is ready for the market. It has been discovered that, after these more efficient lamps had been released, there was an in-rush of current resulting in an overload which burned out existing switches.

This condition necessitated the develop-

ment of a new switch. Last November we released this new switch and since that we have received contracts for 90 per cent of the important new buildings erected, including Radio City.

Illumination for another bright spot in the shadowy pattern of business is being generated by the paint making firm of Edward Smith & Company, Long Island City, New York. Originally a manufacturer of marine paints exclusively, this company has begun to produce specialized paints for use in scientific and mechanical work where climatic resistance is required. So well has selling been linked with the reputation that "even during the depression, the sale of Smith paints, although declining somewhat, has held up strongly."

Readiness to back its future in a new non-run style of hosiery is reflected in the reopening of one of the Gotham Silk Hosiery plants, closed for almost two years, with the anticipated employment of 2,000 persons when the mill is working at capacity. A sales campaign was expected to bring in orders requiring capacity operations for two other mills.

Business is developing a bull market on knowledge. As one advertising agency president phrases it, "Everybody wants to know today. Changes are taking place, things are happening, inquiring minds are open for information. What a time it is for the manufacturer of quality merchandise to cash in!"

More specific is the discovery of the Graybar Electric Company that a \$40,000,000 latent consumer-buying-power exists in the United States. In summarizing the results of the company's survey, Graybar statisticians estimated the following probable purchase, on a unit basis, by the American people, as conditions improve and current incomes are assured or expanded:

New homes, 3,096,000; automobiles, 6,006,000; electrical refrigerators, 8,838,000; heating equipment, 1,494,000; washing machines, 4,986,000; radios, 3,708,000; ironing machines, 2,900,000. The products represented in this deferred demand, as Graybar figures it, probably will be purchased within the next two or three years.

With its markets defined in millions, the immediate job of American business is to transmute the inviting image of potential demand into the realistic substance of customers and sales. The diversity of the object lessons in successful selling provides its own argument against acceptance of belief that "my business is different."

CLASSIFIED TELEPHONE

MULTISTAMP

A print shop on your desk. Just write, type, write or draw on a stencil and Multistamp will make as many copies as desired.

"WHERE TO BUY IT"

It tells you **WHERE TO BUY IT**

Your classified telephone book can solve many shopping puzzles. Look for the product or service you want (Buick, Remington-Rand, Alliance Insurance, etc.) There you'll find names, addresses and telephone numbers of authorized local dealers.



List your product or service in the "Where to Buy It" pages of the telephone books. Then you KNOW that prospects who want your brand will be able to locate dealers who sell it.

Known and accepted by an increasing number of the buying public, this merchandising service is being popularized even further by advertisements similar to the one at the left.

● Write or telephone: Trade Mark Service Manager, American Tel. & Tel. Co., 195 Broadway, New York (EXchange 3-9800)—or 208 W. Washington Street, Chicago (OFFicial 9300.)

A Totally New Opportunity

for people
without capital

HAVE you ever been able to share in the profits which are made on good investments?

Probably not—unless you have had capital. For it always has taken literally thousands of dollars to invest in the right stocks, and in enough of them, to give you both safety and profit.

A safe way to benefit as capital does

Independence Fund does not offer to make you rich quickly. Does not give you "expert advice on how to speculate." Does not depend for its success upon "tips." Independence Fund is scientifically designed for maximum accumulation of capital without sacrifice of safety.

Independence Fund enables you to make small monthly payments (as low as \$10) through an old and conservative trust company and reap the investment advantages of large capital. Makes it possible for you to invest your money and assures automatic reinvestment of the earnings of your money—in the same well-diversified group of 34 first-grade listed stocks, with the same safety and profit that financiers and others with large capital and experience obtain.

Independence Fund does not tie your money up so that you can't withdraw if you wish. Neither does it use your money so that someone else benefits from its maximum earning power while you receive only a small rate of interest.

The industrial and geographic diversification of the 34 high-grade stocks upon which Independence Fund is based means safety. Automatic and prompt reinvestment of dividends means COMPOUNDING of EARNINGS. Think how that makes your fund grow.

Get all the facts— Mail the coupon today

It will pay you to learn more about the opportunity Independence Fund offers you. Mail the coupon below and get the free booklet, "35 Questions—36 Answers." Find out how \$10, \$20, \$30, \$40, \$50, \$100 a month, regularly invested, could grow to \$2,500, \$5,000, \$10,000, \$25,000, \$50,000, \$100,000 in ten or twenty years. Learn how the trust company acts as your trustee, sets up an individual account in your name, purchases and holds your securities and administers your trust in accordance with this plan. How systematic investment overcomes depressions and makes money for you on the recovery. Read, too, about the life insurance protection (at low rate) you can have for your fund, if you wish it. Independence Fund may end your money worries for good. Mail the coupon now. Independence Fund of North America, Inc., One Cedar Street, New York, N. Y.

START YOUR
INDEPENDENCE
FUND

Independence Fund of North America, Inc.,
One Cedar St., New York, N. Y.

Please send me, without obligation, free copy of
"35 Questions—36 Answers."

Name.....

St. Address.....

City..... 5P12

When writing please mention Nation's Business

Business' Board of Strategy

THE need of the hour is leadership."

This cry for a Moses is raised now as it has been in every time of national stress that history records.

It is natural for the bewildered crowd to seek leaders. Leaders have arisen in past emergencies. Leaders are also arising in this one.

Here's leadership on the business front—business leaders, representing every section and industry, who constitute the Board and committees of the United States Chamber of Commerce. They have met in Washington and have laid out programs aimed at solution of problems now perplexing and crippling the country. They are blazing trails out of our wilderness of problems, trails that are plain to follow.

Reducing governmental costs

ONE of our chief problems is the high costs of government. A program for reducing these costs was outlined by the Chamber's Committee on Federal Expenditures, headed by Matthew S. Sloan, of New York. As a part of this program, the Committee, in its report to the Board, urged a reduction of at least \$400,000,000 annually in veterans' benefits. It pointed out that federal expenditures for veterans' pensions and benefits in the fiscal year 1932 totalled \$1,106,928,312, represented about 24 per cent of all federal expenditures.

The Committee opposed payment of adjusted compensation certificates prior to their maturity, holding that the \$2,-200,000,000 payment involved would place a staggering load on the Treasury, strain national credit, unbalance the budget, increase taxation, open the way to straight old-time pension demands, and be unfair to the veterans themselves.

The \$400,000,000 reduction in veterans' benefits, under the Committee's plan would be achieved chiefly through restricting disability compensation to veterans suffering from service-connected disabilities which materially handicap them in competition in civil life, and through legislation giving better control of veterans' expenditures.

Recommendations concerning federal budgetary procedure are also being drawn by this Committee.

The hearings of the Shannon Committee have thrown light on the extent of Government competition with private business. As a further step in the United States Chamber's continuing fight against such competition, a special committee was named to formulate principles which should equitably govern in this field. Chairman of this committee Henry D. Sharpe, of the Brown and Sharpe Manufacturing Company, Providence, R. I., heads this group.

It reported, in part, that:

The Government should not engage in any form of business or service except for purposes clearly necessary in the proper administration of governmental functions which are pursuant to the provisions of the Constitution.

If, under any circumstances, the Government engages in any activity in competition with private enterprise, or in substitution for private enterprise, it has an obligation to ascertain the true costs and make them public.

Every government agency engaged in activities in competition with private enterprise, as well as every agency dealing with private enterprise, should be required to refrain from every form of unfair competition and practice.

The Government's employment of personnel for functions not directly governmental should be limited to persons

Where Business Will Meet in November

DATE	ORGANIZATION	CITY
1-4	National Association of Practical Refrigerating Engineers	Chicago
7-9	Institute of Radio Engineers	Rochester, N. Y.
14-16	National Tire Dealers Association	Atlanta
14-18	American Bottlers of Carbonated Beverages	Cleveland
14-18	Crown Manufacturers Association of America	Cleveland
wk. of 14	National Paint, Oil and Varnish Association	Washington
wk. of 14	American Paint and Varnish Manufacturers Association	Washington
14-18	Master Photo Finishers of America	New York
15-17	American Petroleum Institute	Houston
16	Southern Cypress Manufacturing Association	Jacksonville
17-19	National Battery Manufacturers Association	Cleveland
18	Southern Appalachian Coal Operators Association	Knoxville
22-26	National Inventors Congress	St. Louis
29	American Association of Creamery Butter Manufacturers	Chicago
30-12/2	Mid-West Implement Dealers Association	Omaha

"PUBLIC ENEMY NO. 1"

...takes his toll
day after day

TWELVE hundred buildings a day—that is the average toll of fire—"Public Enemy No. 1."

This loss, great as it is, would be far greater but for continuous, aggressive fire prevention work.

⁶ *Mutual* fire insurance companies have taken a leading part in fire prevention effort for many years and through this effort a great army of mutual policyholders has learned how to protect property from the possibility of fire.

One direct result of this has been a marked reduction of fire loss and this saving, under the *mutual* plan, has been passed on to policyholders in dividends—millions of dollars annually—a substantial part of his insurance premium to the individual policyholder.

The sound protection and the considerable saving in cost that is made possible by the *mutual* plan of insurance has appealed to thoughtful property owners for well over a century and a half—never more than now when it is so necessary to keep every item of overhead cost down to a minimum.

American property to the extent of over 40 billions of dollars is protected

against fire under *mutual* policies. Any property owner not mutually protected will find interest and value in a booklet outlining the history, principles and methods of mutual insurance. It will be sent free on request with no obligation or solicitation. Address the Federation of Mutual Fire Insurance Companies, Room 2100B, 230 North Michigan Avenue, Chicago, Illinois.

An Unmatched Record of Stability

Mutual fire insurance has been carrying on in good times and in bad, for 180 years. How successfully may be judged from the fact that the 75 companies comprising the Federation of Mutual Fire Insurance Companies paid dividends to policyholders, amounting to \$15,239,744.00 in 1930, and \$17,639,835.00 in 1931—the largest dividends in their history. This in addition to maintaining full legal reserves.

The policyholders of these companies in the last two years, therefore, enjoyed a reduction of nearly thirty-three million dollars in the net cost of their fire insurance.

Six of the Federation companies are over 100 years old; fifty-four have more than half a century of corporate existence.

Mutual fire insurance has grown with the nation from its beginnings. The depression years have accentuated its fundamental soundness.



FIRE— "Public Enemy No. 1"

has destroyed property to the extent of over 5 billion dollars in the last ten years.

MUTUAL FIRE INSURANCE

FEDERATION OF MUTUAL FIRE INSURANCE COMPANIES

Nation-wide Representation and Service

An American  Institution

When writing to FEDERATION OF MUTUAL FIRE INSURANCE COMPANIES please mention Nation's Business

[TO EXECUTIVES WHO WANT TO MAKE MONEY IN 1933]



MILLET'S "THE SOWER"—FROM A PHOTOGRAPH BY BRAUN & CIE

When calling in a Scripps-Howard

Behold, a sower went forth to sow

Some seeds fell by the wayside . . . some fell upon stony places where they had not much earth . . . some fell among thorns—but others fell into good ground and brought forth fruit, some an hundredfold.



Men who guide large enterprises this year are giving time to *details*. They are resuming authority which in easy years was largely delegated.

Advertising—on which depend sales, profits, dividends, employment—is important enough to engage the time of the president, chairman, director, sales manager—as well as the advertising department.

Capable executives know the wisdom of *concentrating* sales effort on Grade A outlets and Grade A territories . . . of choosing those newspapers which deliver circulation *concentrated* in Grade A cities and Grade A territories.

Waste circulation . . . ghost circulation . . . scattered circulation . . . inflated circulation . . . must be avoided. Not one dollar should be sown by the wayside . . . or in stony places or among thorns.

Scripps-Howard says "Concentrate Your Advertising Where Sales Can Be Made At Greatest Profit."

SCRIPPS · HOWARD

NEWSPAPERS MEMBERS OF THE UNITED PRESS . . . OF THE AUDIT BUREAU OF CIRCULATIONS AND OF MEDIA RECORDS, INC.

NEW YORK *World-Telegram* SAN FRANCISCO . . . *News* BUFFALO *Times* COLUMBUS . . . *Citizen* YOUNGSTOWN *Telegram* HOUSTON . . *Press*
CLEVELAND . . . *Press* WASHINGTON . . . *News* INDIANAPOLIS . . *Times* AKRON . . . *Times-Press* FORT WORTH . . *Press* EL PASO *Herald-Post*
BALTIMORE . . . *Post* CINCINNATI *Post* DENVER *Rocky Mt. News* BIRMINGHAM . . *Post* OKLAHOMA CITY *News* SAN DIEGO . . *San*
PITTSBURGH . . . *Press* COVINGTON *Kentucky Post* TOLEDO . . . *News-Be* MEMPHIS *Press-Scimitar* KNOXVILLE *News-Sentinel* EVANSVILLE *Press*
—Kentucky Edition of Cincinnati Post ALBUQUERQUE *New Mexico State Tribune*

220 PARK AVENUE, NEW YORK · CHICAGO · SAN FRANCISCO · DETROIT · LOS ANGELES · ATLANTA · PHILADELPHIA · BUFFALO · DALLAS

representative please mention Nation's Business



A real adding machine



fits in a desk drawer

HERE is a new listing and adding machine worthy of the famous name *Remington*... so small it takes less desk space than an ordinary letterhead. You carry it in one hand from one department to the other; if necessary from office to home.

Just look at these features:

- | | |
|------------------------------------|-------------------------------|
| 1. Weighs only 11 pounds. | 6. Visible adding dials. |
| 2. Fits in a desk drawer. | 7. Speedy 10-key keyboard. |
| 3. Lists and adds. | 8. Convenient correction key. |
| 4. Simplified multiplication. | 9. Light, fast handle pull. |
| 5. Capacity up to \$10,000,000.00. | 10. Automatic ribbon reverse. |

A masterpiece of mechanical excellence

Just the machine you've been waiting for... ideal for the small business, the traveling auditor, the professional man, the large business where machines are needed on many desks. See it; compare for yourself. Phone our office today. (Consult classified directory in your local telephone book).

New Remington Portable Adding Machine

Accounting Machine Division... Remington Rand Inc., Buffalo, N.Y.
Branches in all principal cities

technically qualified to make specifications as to services, goods, and construction needed for the Government's purposes, determine impartially and expertly which tenders of private citizens should be accepted to supply the Government in accordance with such specifications, and inspect the performance of such contracts.

Every association of business men and every other field of interest that had sought activities upon its behalf, not in themselves properly governmental in nature, should withdraw its advocacy and support and should provide at its own cost for these activities.

Sharing work to aid employment

TO RELIEVE the unemployment situation the Chamber's Special Committee on Working Periods in Industry urged that employment be generally spread and that hours of work for each person employed be restricted to not more than 40 a week during the present emergency.

This Committee is headed by P. W. Litchfield, president of the Goodyear Tire and Rubber Company.

In the field of finance the Chamber's Committee on Banking, under the chairmanship of Harry A. Wheeler, president of the Railway Business Association, presented conclusions upon 18 propositions regarding federal legislation on structure, operation and regulation of our banking system. A referendum on these has been ordered by the Board.

These conclusions are directed to questions of Federal Reserve operation and policy; proposals for stricter regulation of banks together with their affiliated organizations, whether security affiliates or holding companies; speedier liquidation of suspended banks; and the minimum capital which should be required for the establishment of national banks. Opposition was registered to legislative proposals for guaranty of bank deposits and for stabilization of commodity prices.

Definite legal status for group banking was recommended as were a number of measures for the regulation of such banking. The right to engage in state-wide branch banking should be given national banks, in the Committee's view, subject to careful restrictions, many of which were enumerated. A proviso was added that in states not now permitting such branches to state banks a period of six months should be allowed before this proposed change in the National Bank Act becomes effective so that such states would have opportunity to enact laws for state chartered banks to conform.

The Coal Men Test the Sherman Law

(Continued from page 34)

legality of the present sales agency plan. The Department has, however, cooperated with the industry to expedite a decision.

The important facts agreed upon by both parties are that the 137 companies control about 70 per cent of the total coal produced in the particular region, and that the coal of this region represents about 15 per cent of the total coal mined east of the Mississippi River. The operators contend that there is continuous competition with the coal from other fields, and that it would be impossible for the agency to exact unreasonable prices from the public. The operators admit that, among the 137 operators, destructive competition is checked, but contend that under the "rule of reason" as developed in the United States Steel case, an arrangement such as is embraced in the Appalachian Coals agency plan would not constitute an unreasonable restraint of trade that would be contrary to public interest.

Many authorities on our anti-trust laws contend that the basic concept of the Sherman Act is to preserve competition on the theory that competition encourages individual progress and protects the public against unreasonable prices; but that where there are so many competitive units as in the bituminous coal industry, it is impossible to maintain competition on the ethical plane necessary in the public interest as well as that of the industry without some form of joint organization or agreement.

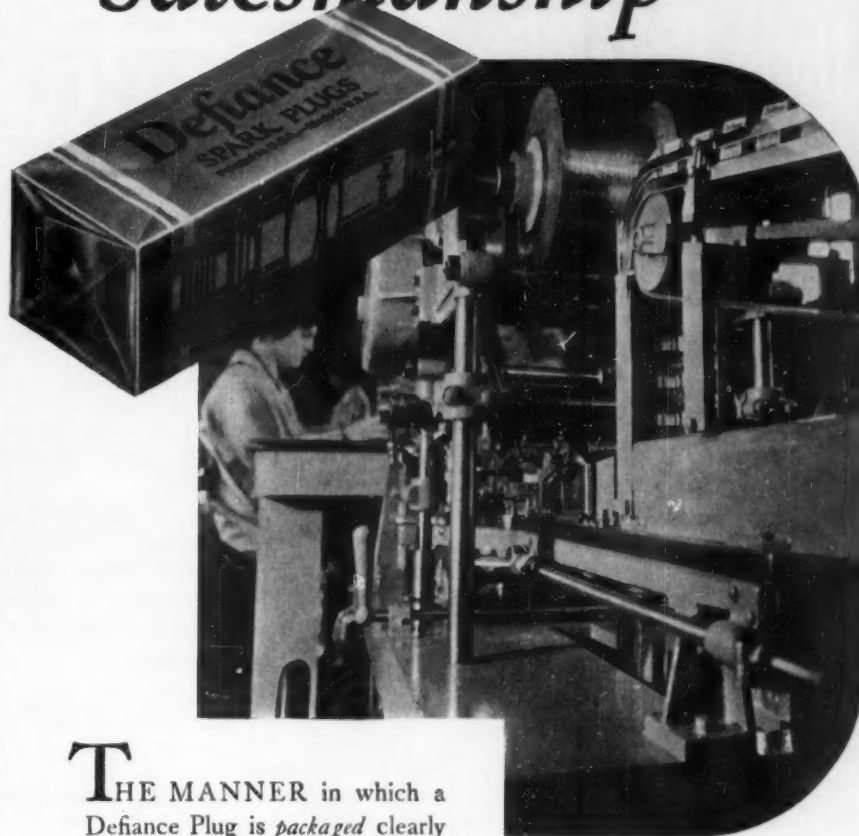
Compared with mergers

THEY point to mergers in numerous industries where competition is clearly limited among the units composing the merger, but where they are not illegal so long as they do not restrain trade unreasonably by limiting competition within the entire industry.

Such a principle, the coal operators contend, if applied to Appalachian Coals, Inc., should establish the legality of this plan, and might well prove a determining factor in bringing stability to the industry.

The most important question concerning the Sherman Act is whether it is sufficiently adaptable to meet modern business and economic conditions, or whether it is so inflexible that further legislation is needed.

« Package » Salesmanship



THE MANNER in which a Defiance Plug is *packaged* clearly and definitely implies extreme care in manufacture. When you buy a Defiance Spark Plug, you find it securely sealed in an attractive Cellophane wrapper. You can be sure that it is as perfect in every way as when it passed the last careful check-up in the Defiance plant.

One cannot help but feel that a manufacturer who takes such extreme care in packaging his product, must be equally exacting throughout his entire manufacturing process.

This is sound merchandising—and it is being successfully applied to many other products besides spark plugs.

Defiance Spark Plugs are one of the great variety of articles which are wrapped on the machines of the Package Machinery Company.

Our business has been built on our ability to provide machines which produce outstanding packages—*packages that sell*. In our organization you will find years of experience, and an intimate knowledge of modern packaging trends to assist you in solving your packaging problems. Get in touch with our nearest office.

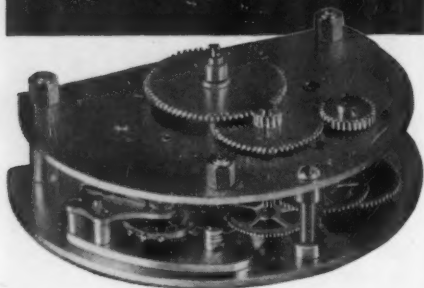
Package Machinery Company
Springfield, Massachusetts
New York Chicago Los Angeles
London: Baker-Perkins, Ltd.

PACKAGE MACHINERY COMPANY
Over 200 Million Packages per day are wrapped on our Machines

When writing to PACKAGE MACHINERY COMPANY please mention Nation's Business



**Detex Reliability
Again Increased**



—by a Movement of Surpassing Design

Reliability, accuracy and continuity of the record have always been outstanding qualities of Detex Watchmen's Clocks.

Now, Detex Watchmen's Clocks are equipped with a new movement of surpassing design, fitted with Breguet hairspring, compensating balance with regulating screws and shock-resisting balance pivots. Like all previous Detex movements, it is especially designed for watch-clock use. It is 100% American made.

This new Detex Movement has the strength needed for the battering of service, the precision needed for accuracy of timekeeping. Both of these qualities combine to give a new and even greater assurance of uninterrupted accuracy and continuity of service

● Look for the nearest Detex Dealer in the classified section of your local telephone directory under "Watchmen's Time Clocks." Representatives are located in all principal cities. Complete information on request. Approved by the Underwriters' Laboratories, Inc., and the Factory Mutuals Laboratory.

DETEX WATCHCLOCK CORPORATION
4153 Ravenswood Ave., Chicago, Ill. 29 Beach St., Boston
80 Varick St., N. Y. Room 800, 116 Marietta St., Atlanta

NB-11

DETEX

WATCHMEN'S CLOCKS

NEWMAN ★ ECO ★ ALERT ★ PATROL

When writing please mention Nation's Business

How Business Fights the Wolf

(Continued from page 25)

4,000 bushels of fruits and vegetables were distributed to needy families of Studebaker employees.

The plan for using the land to supplement earning power is a central feature of the relief work of the American Rolling Mill Company of Middletown, Ohio. Charles R. Hook, company president, explains the plan:

Offering gardens to our men is no new thing. We began it in 1916 as a conservation movement inspired by patriotic motives. After the war, we were surprised to find that the garden habit still persisted. There was a sufficient demand to warrant continuing this activity through the interval of prosperity. Now our men want more land and are cultivating their crops excellently. We provide the land, in units approximating 50 by 100 feet, and plow it free. At present we also provide free seeds, fertilizer, and spraying equipment and material. Six hundred and thirty-five Armco men are tilling company gardens, and 229 acres are under cultivation.

The cooperative or community gardening project as opposed to the individual allotment plan has been tried by the B. F. Goodrich Company of Akron. Here's how it was done, according to T. G. Graham, vice president:

A tract of 275 acres was obtained and put to cultivation near Akron. Workers receive shares of the produce in proportion to the time spent.

To carry out the program a non-profit corporation, the Akron Community Gardens, Inc., was organized and a state charter obtained.

Goodrich, sponsoring this plan, is also supplying the necessary funds. Company trucks transport workers to and from the plot and each man who applies gets specific days on which to work.

We decided to concentrate on one large garden rather than on small, individual gardens because production of each vegetable in soil specially prepared is less wasteful than planting all kinds of vegetables in smaller lots, agricultural experts say.

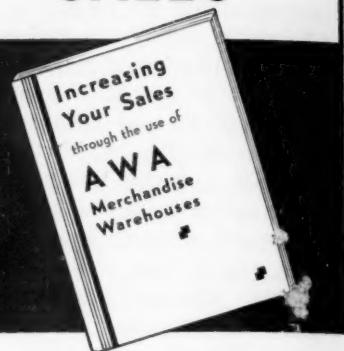
Men working large acreage under expert supervision need not be expert farmers.

The major effort of Goodyear Tire and Rubber Company has been to distribute available work. Here is their plan as described by P. W. Litchfield, company president:

By May, 1930, the Company had laid off a rather large number of employees, most of whom were inefficient and of short service. By July, 1930, we had been forced to lay off more and longer service employees. A scheme for rotating employees was devised allowing us to recall all the employees we had laid off since May of that year.

This plan was to rotate one day off in seven, thus spreading the work and giving more men jobs. It was not long, however,

How to Cut Expenses yet INCREASE SALES



**The A.W.A.
Presents a New Plan
in this FREE BOOKLET**

Write for your Copy!

THE smart sales manager, in these trying times, is directing his efforts toward two objectives:

- 1—Getting all the business he can from immediate territories served by his sales force.
- 2—Going after business in the few "bright spots" on the business map—many of which are far-removed from the home factory.

Direction of sales activities nowadays must be tempered with caution . . . or mounting overhead will wipe out all possibility of profit! Alert executives are finding common-sense information and inspiration in a booklet published by our Association—a booklet entitled: "Increasing Your Sales Through the Use of A.W.A. Merchandise Warehouses."

This booklet, now in its third edition, tells how to gain regional or national distribution for your product at minimum cost . . . how to reduce branch house overhead by using our warehouses as your own branch distributing points . . . how to place spot stocks of your merchandise in the cities where your goods can be most readily and profitably sold.

No matter what you make or market, write today for your free copy of the A.W.A. Booklet. It will be a helpful guide to constructive business thinking in this year 1932!



**AMERICAN
WAREHOUSEMEN'S
ASSOCIATION**

2042 Adams-Franklin Bldg., Chicago, Ill.

When writing please mention Nation's Business

until it was necessary to go to one day off in six, and later to one day off in five.

Rotation proved to be somewhat inefficient and difficult to administer, but was continued until October, 1930, when the whole plant changed over to six-hour shifts. We worked four six-hour shifts a day, six days a week. This gave the employees 36 hours compared to the former regular week of 48 hours. The six-hour shifts proved to be better for both employee and the company and also provided jobs for 3,000 workers.

As consumption still decreased, it was necessary for us to reduce days worked until, in the winter of 1931, the employees were getting only 18 hours a week.

Starting January 1, 1932, the company arbitrarily increased production enough to give the employees 36 hours a week with the hope that business would pick up enough to warrant such production. On October 1 of this year, the general offices also went on a five-day week, a step which added 100 persons to the accounting department pay roll.

However, after a few months it was necessary to reduce working days again. At present we are still working six-hour shifts but the employees are only averaging around 24 hours a week.

Along with this rotation the Company worked in several other relief programs.

The company plowed up some of its vacant land and plotted it off for gardens for the unemployed as well as employees. Seeds were given free.

All employees in the offices were urged to hire unemployed men for odd jobs at home. In the spring of 1931, about 80 men obtained temporary work by this means. We did the same thing this spring.

Goodyear has a loan fund from which employees may borrow without interest.

To long-service men no longer able to carry on their work but not eligible for pension, a dismissal wage is paid when they leave the Company. This "Service Award," as we call it, amounts to one month's pay for each year's continuous service up to and including 15 years' continuous service. For each year beyond 15 years, one month's additional wage is added.

In the case of the Hills Brothers Company a main reliance was on the dismissal wage to tide over the worker out of a job. The plan is thus described by Ernest G. Draper, vice president:

Hills Brothers employs about 2,000 workers, growing and packing food products (chiefly dates) in this country and abroad.

Our effort in the present employment crisis has been to keep as many workers as possible at steady work and, in cases of lay-off, to pay a dismissal wage. In 1931, we paid about \$2,500 in dismissal wages. In 1932 we shall probably pay about \$15,500. While this is a large increase, we still believe it to be well worth while.

The companies who have told what they are doing to help their men in these days of strain are only a handful of the great group of American industries. They could be multiplied a thousandfold and still we should not exhaust cases where business executives have planned to help their fellow workers in overalls.

• 29 •

DIFFERENT INDUSTRIES

FIND THIS



Over 100 tenants, representing 29 different industries, find the *Boston Wharf* property the most desirable location in New England for manufacturing and distributing purposes. Many of them have been established here for twenty years or more.

Situated but ten minutes' walk from the business section of Boston, this property is a *fully developed industrial section* adjacent to the terminals of two railroads . . . equipped with paved streets and miles of spur track. Ninety modern buildings occupy the premises . . . Rents, insurance, and other charges are relatively low. Delivery to any part of the New England market can be made by rail, truck, or steamer within twenty-four hours.

Investigate the possibilities of *Boston Wharf* service for your business by clipping the attached coupon and mailing it with your letterhead.

Some of our nationally known tenants:

American Can Co.
Armour Leather Co.
Cudahy Packing Co.
First National Stores
Sherwin-Williams Co.
Simmons Company
United States Leather Company
Westinghouse Electric & Manufacturing Co.

BOSTON WHARF COMPANY

Industrial Service Department—Dept. NBN

BOSTON WHARF COMPANY, 259 Summer Street, Boston, Mass.

Please mail your FREE booklet which tells how to reduce distribution costs and build up profits in New England.

Name _____ Position _____

Company and Address _____

When writing to BOSTON WHARF COMPANY please mention Nation's Business



Winning the Markets of Tomorrow *in the Laboratories of Today*

GOODS THAT SELL in tomorrow's market will be goods that embody new ideas and new materials. Chemistry, engineering and art are being enlisted for the battle to regain old markets and win new ones. In all three fields Bakelite Resins, and the materials made from them, are serving the creative minds of industry.

The opportunities that exist for industry to develop new materials, or improved products with the aid of Bakelite Resins are indicated by these few examples. One form of Bakelite Resin is used to water-proof adhesive bandages; another form is used for making wear and weather resistant varnishes and enamels; still another is used for producing a new type of decorative and durable wall board; and a fourth for bonding abrasive grit into grinding wheels to operate safely at high speeds.

BAKELITE CORPORATION, 247 Park Ave., New York . . 43 E. Ohio St., Chicago
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In the plastic molding industry, many notable accomplishments may be credited to Bakelite Molding Materials. These are of various types to meet different needs. In addition to the widely known standard forms, there are high dielectric, heat-resistant, and shock-resistant types of Bakelite Molded. Through these practically every need may be met without special materials. A thorough knowledge of Bakelite Resins and Bakelite Materials, and their properties, is an invaluable asset to those in charge of product development. Our engineers and laboratories offer cooperation in adapting Bakelite Materials to your needs. Much helpful information may also be obtained from our descriptive booklets which will be mailed upon request. Write for 1M, "Bakelite Molded," 1L, "Bakelite Laminated" and 1V, "Bakelite Varnish."

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numerical sign for safety, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

When writing to BAKELITE CORPORATION please mention Nation's Business

A. T. A. E. Begins a New Year

CHANGING functions, objectives and activities of trade associations were the guiding topics discussed at the thirteenth annual convention of American Trade Association Executives, held in Atlantic City in mid-September. President Hoover indicated his interest in the meeting in a letter to Warner S. Hays, president of the trade executives. He wrote:

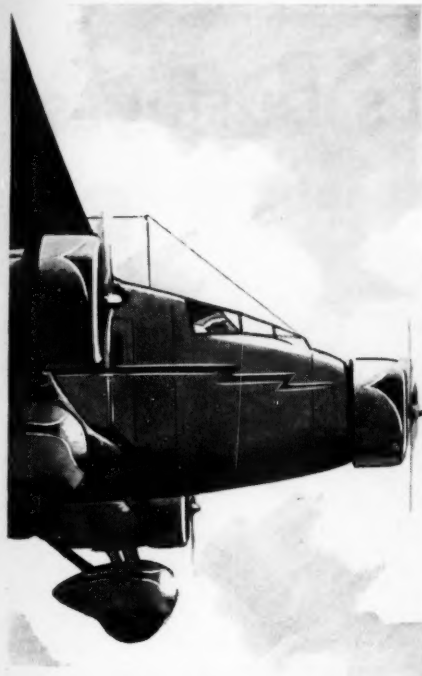
I will be obliged if you will express my cordial greetings to the American Trade Association Executives. Their organized attack upon such problems as the spreading of employment, reduction of selling costs, modernization of plant equipment, active search for new products and new markets, adoption of more liberal credit policies, and a score of other forward looking measures, offers a constructive opportunity for the leaders and spokesmen of organized business to secure further advances in the struggle for economic recovery.

The various phases of business activity with which the trade associations are directly concerned were informatively visualized in a display to which 30 of the organizations contributed. Services represented included fundamental economies, price reporting, market studies, statistics, combating unfair competition, trade promotion, new activities, maintenance of membership, and internal organization. Vote of the trade executives will determine which of the exhibits indicates the greatest accomplishment in the promotion of public welfare. The winning exhibit will be entered in the competition for the A. T. A. E. award, presented annually to the association adjudged to have done most to raise commercial standards within an individual industry.

Fighting for business recovery

PRESENT opportunities for trade associations were stressed by several speakers. Mr. Hays, in his presidential address, told the member executives that, "More prominent place must be given and taken by the trade association in the war for business recovery now being waged by the business and economic strength of the nation under the leadership of the Administration."

Dr. Lewis Haney, professor of economics, New York University, said, "The trade association should avoid inflationary ballyhoo and artificial price maintenance tactics. It should emphasize economy, sound credit, tariff moderation, and the adjustment of prices



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according to the law of supply and demand. It should be an agency for disseminating economic truth."

Dr. Stephen I. Miller, economist for R. G. Dun & Company, New York, declared that "the trade association is likely to play an important rôle in any government program which has in mind the stabilization of the general price level.

"There has been too much business and too little economy. A coordinated trade association program is not merely expedient—it is imperative."

Fostering cooperative action

THE evolution of trade association policy through the years of their growth was tersely traced by George F. Barker, sales manager, Reading Paper Mills, Reading, Pa.

"Originally the trade associations were conceived to take advantage of favorable business conditions," he said, "and they finally became defensive organizations safeguarding trade against demoralizing and ruinous practices and fostering cooperative trade action."

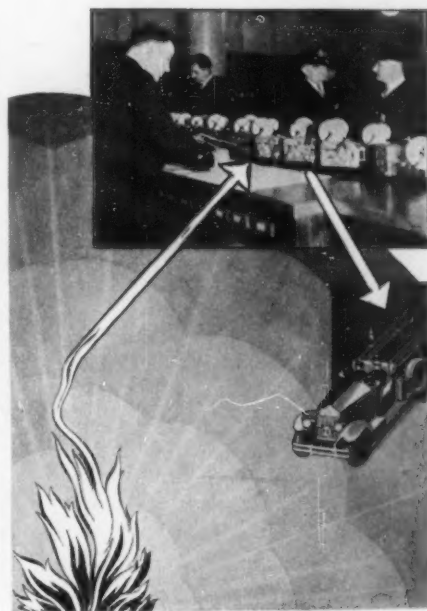
Other speakers included T. W. Howard, director of uniform accounting for the National Electrical Manufacturers Association; Dr. Wilson Compton of the National Lumber Manufacturers Association; John Sullivan, marketing counselor; Herbert J. Tily, president of Strawbridge & Clothier, Philadelphia; Ralph E. Flanders, vice president and general manager, Jones & Lamson Machine Company, Springfield, Vt.

Among the new trade association activities reported at the meeting were the inspection and resilvering service established by the Mirror Manufacturers Association, the modernization market developed by the Heating and Piping Contractors National Association, the new applications of copper discovered by the Copper and Brass Research Association, and the industrial engineering service provided by the United Typhothetae of America.

The officers elected for the ensuing year are:

President, Roscoe C. Edlund, Manager, Association of American Soap & Glycerine Producers, Inc., New York City; Vice President, Paul S. Collier, Secretary-Manager, Northeastern Retail Lumbermen's Association, Rochester, N. Y.; Treasurer, E. P. Chalfant, Executive Vice President, National Standard Parts Association, Detroit; Secretary, Miss Frances M. Merrin, Secretary, Michigan Laundryowners' Association, Detroit.

—R. C. W.



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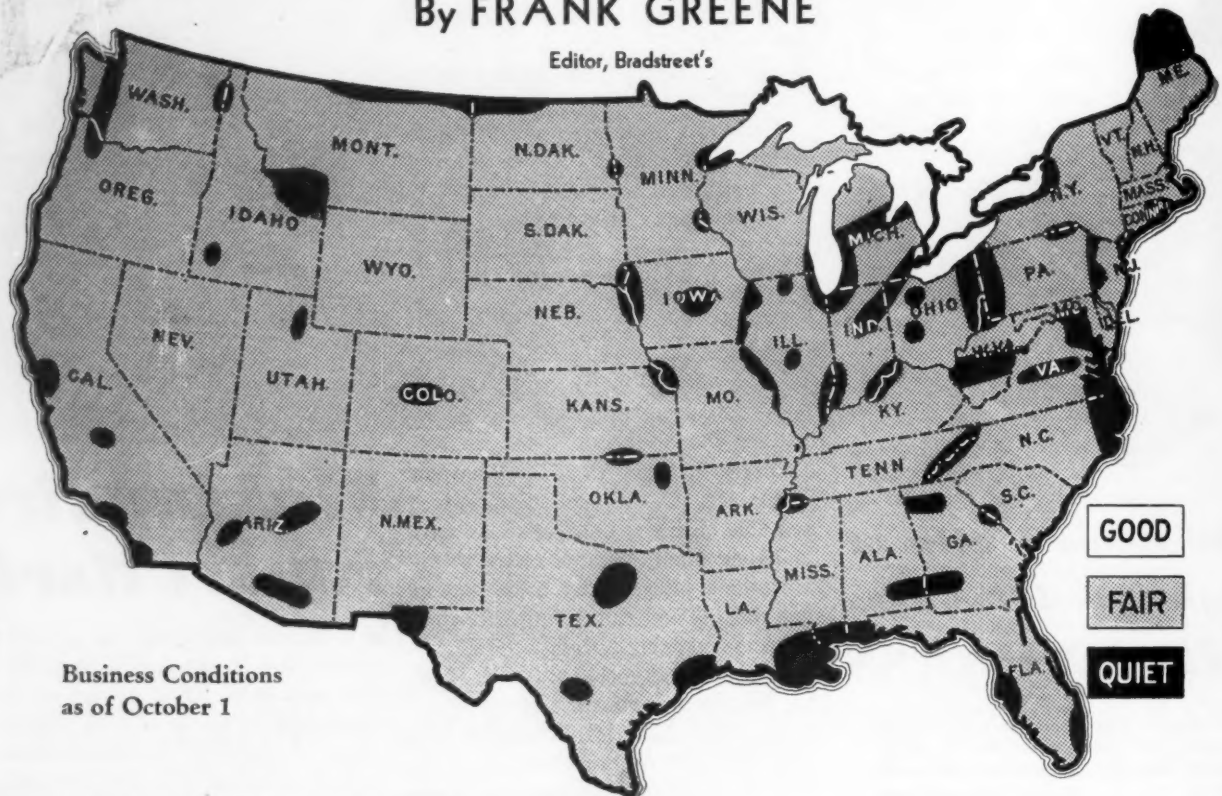
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The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



THE BUSINESS situation in September remained generally cheering. Trade and industry advanced and the commodity-price index gained although the stock market lost slightly in prices and sales

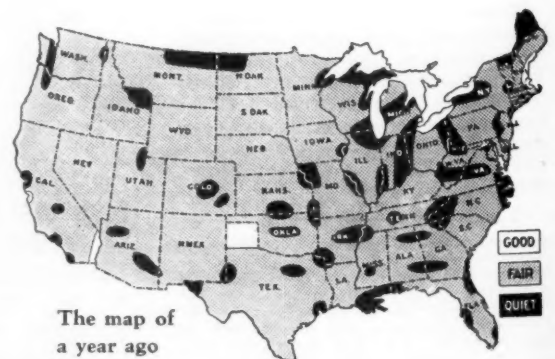
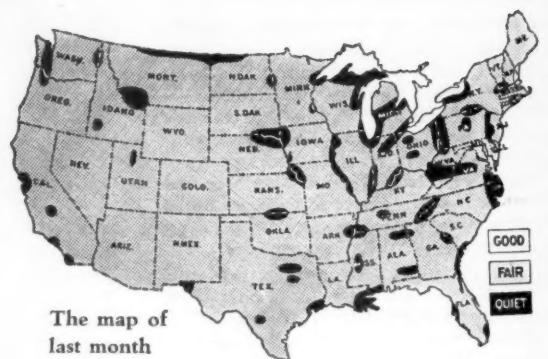
SEPTEMBER saw the trade and industrial divisions of the business army both report and make progress. The financial and commodity price divisions, which started earlier, showed less uniformity. The stock market fell off slightly in prices and sales, while the price index, though gaining for the fourth consecutive month, indicated weakness in farm products. Semi-finished lines reported most of the gains.

Harvest movements only partially explained the easing in leading crop prices. On balance, the situation maintained most of its earlier promise and the general tone was better, even if the map, in which comparisons are made with a year ago, has not brightened much.

Financial affairs are improved

IN THE financial situation, the more basic elements were promising, even if stocks and, to some extent, bonds, showed reactions from the hot pace of July and September. The bank situation improved. There were fewer suspensions and more resurrections than at any time since last spring. Gold imports rather than exports were a feature of the international situation.

Hoarding of currency, too, was relaxed and Reconstruction Finance Corporation borrowing dropped sharply. There were still complaints of credit tightness, these contrasting sharply



While shadows still prevail on this month's business map the general tone of business is better and most of its earlier promise is maintained

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Through Serving the Meat Industry



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The Pittsburgh Provision & Packing Co., Pittsburgh, Pa., kept records on a fleet of seven 6-cylinder Internationals last year and found the operating cost to be 5 ⁹/₁₀ cents a mile—all possible costs except drivers' wages included. Most of the trucks had traveled between 30,000 and 40,000 miles before the analysis was made. Complete details on request.

Most of the trucks in the Pittsburgh Provision & Packing Co. fleet are International A-2's. The model A-2 now sells for

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*Livestock and livestock products provide over 50 per cent of the total annual income of the American farmer.

★★Official figure for 1930, latest available. This valuation was exceeded only once, in 1919, under wartime conditions.

★★★In the 16 major markets during 1931 the trucked receipts equalled over 302,000 cars of livestock.

THE mind is staggered by the facts and figures that sum up the vastness of the meat industry. The world awaits breathlessly, as well it may, for signs of improvement to come into the price levels of the hog and cattle markets. For here is a basic commodity that means prosperity to Agriculture* and to Industry.

MEAT—giant among food industries—competes with the automotive industry for first place. An average of 115 million head of livestock are produced each year to provide the larders of the land with health and energy-building meats. Seventeen billion pounds of meat are marketed annually with a total value reaching to \$3,500,000,000.★★

A wonderful industry—a demand-

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International Harvester is proud of the reputation established by many thousands of International Trucks serving the public through serving the meat industry.

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with the easy rates quoted for loans. In retail trade, coolness in Labor Day week was a potent, if temporary, stimulant. Lessened decreases in chain, mail-order and department-store trade were indicated. Wholesale trade was more cheerful. September business insolvencies were the lightest of the year and showed a decrease from last year, while liabilities were the smallest of any month since September, 1930. This is about as welcome news as any for the month.

Light industries show gains

IN THE industrial division, reports of special activity centering in the lighter lines were confirmed. In wool, cotton and silk manufacturing the rallies in July and August from the low points of last summer were respectively 59, 30, and 58 per cent. September silk deliveries to mills almost equalled those of August. Cotton goods prices shared in the sag of raw cotton in September but the tone of that industry seems cheerful. Wool buying in September quieted from the activity of summer. In electric power, a sort of light-heavyweight industry, the percentages of decrease, heaviest in the Central West, have shown gradual reductions from a year ago. August shoe production, although 50 per cent over July was eight per cent off from August, 1931.

Pig-iron output gained 15 per cent from the low of August and steel capacity increased slightly. Carloadings gained more than seasonally.

Some bituminous coal miners returned to work at lower wages. The automobile trade was rather quiet, reports of sales of stock cars being balanced by light new production, reported due to needed model changes. The petroleum and affiliated industries sent rather depressed reports and there was uncertainty as to price maintenance of the crude article.

Foreign trade increases

FOREIGN trade rallied in August, the first gain since March. Cotton was the best situated line of export trade. Attenuated shipments of wheat from this country seem to indicate that this business has passed to Canada, Argentina and Australia. Price stabilization seems doomed and, pending a new panacea, excessive crops of feeding stuffs seem to forecast lower domestic wheat consumption, thus rendering the disposal of current crops and heavy carryovers from earlier years a still more pressing problem.

What of the Chamber of Commerce?

(Continued from page 27)

assignments 50 per cent of the amount involved. This meant that large sums of money was released for the Christmas retail trade.

A well known manufacturing city of the Middle West was dealt a severe blow in the closing of one of its leading banks. To reopen the bank, it was necessary to effect a reorganization and sell \$1,500,000 worth of stock in the new institution. While most chambers of commerce are rightly opposed to selling stock in private enterprises, the chamber recognized this as an emergency, undertook the sale of stock, and in a few days was able to report that it had been oversubscribed by nearly \$100,000.

Such instances could be multiplied. Some have greater elements of drama and tragedy than others, but all carry an interesting and inspiring story of ingenious and courageous action.

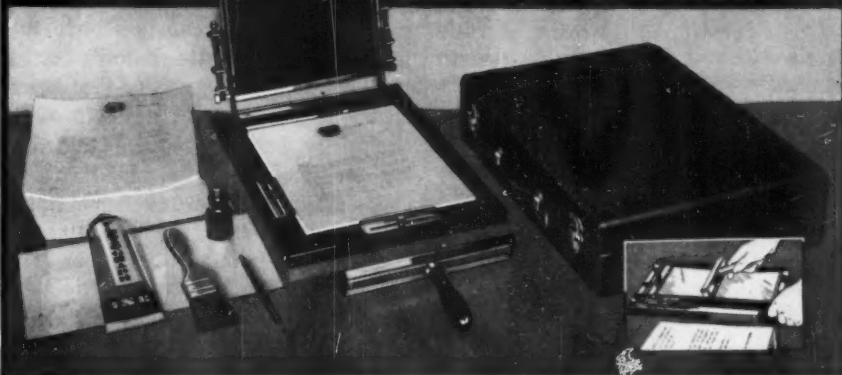
Ingenuity has also been displayed in widespread efforts to stimulate trade. With buying at lowest ebb, with production in many lines at a standstill, it was recognized that the imperative need of the present was a resumption of normal buying, with consequent stimulation all through trade and industry.

"Buy now" proves helpful

VARIOUS expedients were tried. In the beginning there was considerable emphasis on "buy now" campaigns in which the appeal to buy was based largely on duty and patriotism. This was followed by a more constructive device—the sales campaign in which people were urged to buy now because: because prices were low, values high, service and credit liberal—in other words, because it was to the interest of the customer to buy. Lately this type of effort has entered a third phase. Manufacturers of various lines have figured out how many man-days of employment the purchase of a certain quantity or unit of their product will furnish, and chambers have been staging successful campaigns under the slogan "Buy Now to Increase Employment."

In this effort to increase sales, a number of towns have worked out a still different method. It has taken the form of a general campaign whose purpose is to provide jobs, stimulate business, and encourage public confidence. Predicated upon the belief that these objectives would be attained if some assurance were given of a definite amount of pur-

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CONVENTION AND VISITORS' BUREAU
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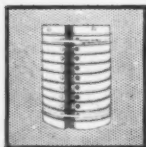


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chasing over a given period, the immediate purpose of these campaigns has been to obtain pledges from individuals and firms that they will spend locally a certain sum of money for certain specified purposes within a stated period—three to six months—from the date of the campaign. These campaigns have been attended by generally uniform success.

There is another activity that has to some extent been an outgrowth of the emergency, but that bids fair to project its consequences far beyond the emergency period. I refer to the appointment of committees to deal militantly with taxation and public expenditures.

Helping improve fiscal affairs

AN OUTGROWTH of the retrenchment psychology and necessity of the times, these committees have carried their work far beyond the old type of taxation activity. A taxpayers' association used to be looked upon as a more or less reactionary body, designed to resist what was regarded as progress, and usually opposed to many of the expansionist policies advocated by chambers of commerce themselves. Its objective was to keep down taxes at all hazards.

That note is still strongly sounded, but others are added. Today, chambers of commerce are appointing committees of business men who go carefully into the whole question of public expenditures trying to develop saner and sounder fiscal policies, and assisting city and county administrations in setting up proper budgets.

During the past two years, chambers of commerce have undertaken this important work in large numbers and in grim earnest. They have not only worked for the reduction of local taxes, but have joined forces with the National Chamber in its successful campaign to bring down the expenses of the Federal Government.

So much for some of the practical business activities of our chambers of commerce during the depression. Through them, business men have moved, sometimes uncertainly and fumblingly, to be sure, but in the long run resultfully and with vast achievement, to the advancement of their business interests and the protection of the economic and social system under which they live. But business men are also, and first of all, human beings; and one of the greatest and most far-reaching of the activities undertaken by their chambers of commerce has been the effort to provide work—and where that fails, to provide food and shelter—for the victims of our economic disaster.

From the first, chambers of commerce have been active in relief work, both preventive and remedial. They have organized their communities to provide a maximum of employment on public works and on made-work enterprises, co-operating also with industry in developing operating schedules designed to spread available work as far as possible. In this effort they have greatly stimulated building of all kinds. When these devices have been inadequate to provide work for all, chambers of commerce have, either through their own efforts or by coordinating the plans of all other agencies, contributed greatly to the work of relief. They have raised money, provided jobs, distributed relief and supervised community plans.

They have made mistakes—certainly. This is inevitable in all organization work, where the opinions of many must somehow be fused into a common program of action. But with all their shortcomings clearly recognized, it may still be asserted that they have contributed notably to the cause they serve, both in the matter of emergency measures, and in the equally important matter of keeping their routine activities going. For in spite of the time devoted to business reconstruction and social relief, in spite of necessary retrenchments, it is greatly to the credit of chambers of commerce that they have also gone ahead with the daily grind of work that is of so much importance to the average community, but so little known to the average citizen.

The basis for reconstruction

CHAMBERS of commerce have filled a vital place in the life of our communities, great and small; collectively they bulk large in the economic machinery of our times. Without being reactionary, they are in a real sense conservative of our best institutions. Now especially they are needed in their traditional field and in the work of business reconstruction that is ahead—for practically every measure now being advocated to promote sound recovery depends more or less directly upon chambers of commerce for general application.

The problem of the individual business man with respect to these organizations is clear: If they are to continue their usefulness, they must have the liberal and active support of business men, financially and by personal participation, now and in the future.

That they will receive such support and by collective counsel advance to still greater utility in the community and in the nation, I have no doubt. They are an established American institution.

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Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

NEW YORK, OCTOBER 10
THE stock market, after a lively display of bullish enthusiasm in July, August and most of September, calmed down toward the end of that month and in the first part of October.

The fact is that few in the Wall Street district are eager for another "boom and bull" market with a speculative public buying anything and everything in the faith that whatever goes up needn't come down.

It is altogether probable that any signs of a runaway market would meet definite opposition from the members of the Exchange themselves. Their powers are not great nor are they very certain. After all, they are only brokers in securities, selling for the public what it wishes to sell and buying what it wishes to buy. Their major limitation is that they may buy or sell only those securities which have been accepted by their own organization as meeting certain standards.

The constitution of the Exchange requires that members "learn the essential facts relative to every customer" so that the broker should have knowledge on which to base his relations with the customer. In practice, members of the Exchange might do, and if the occasion arises may do, much to check, not a rise in prices, which is to be welcomed so long as it is based on sound reasons, but an unwise participation in a rising market by those whose idea is to "win a stake," to recoup losses of 1929 and '30—to do anything, in fact, but make an investment in securities whose prices will, they hope, show improvement with improving business.

THE Exchange as a body has done one thing for the betterment of the business methods of its members. The much-discussed and fictionized "customers' man," whose job was to bring in business, no matter whose, must nowadays meet certain standards other than an acquaintance and a low golf handicap. Brokerage houses are far more particular about the qualifications of these "contact" men than they were in '28 and '29. One newspaper recently said that under present conditions ability at

contract bridge was more important than ability at golf. It might be fairer to say that understanding of securities which they offer for sale is becoming more important than either.

RICHARD WHITNEY, president of the Stock Exchange, had something to say in his address at St. Louis on September 27 on the danger of overstimulating "public interest in buying and selling securities." Here are a few sentences:

We have prohibited members from using advertising or radio campaigns as a means of stimulating public interest in speculation. We have forbidden the payment of commissions to customers' men on speculative or margin accounts. We have imposed other restrictions upon customers' men. Before they can be employed by a member firm they must apply for approval to our Committee on Quotations and Commissions. Detailed information in regard to their past history is obtained, and complete records are kept to prevent any salesman who has been guilty of improper methods obtaining employment with members of the Exchange. The Exchange recognizes that in spite of all its efforts some customers' men have used their position to urge their clients to excessive speculation and have failed to live up to the standards established by the Exchange. Whenever abuses of this kind are discovered, we take steps not only to prevent their repetition but also, in so far as it lies in the power of the Exchange, to punish the offender.

Since Mr. Whitney made the speech, the Exchange has taken another step towards correcting abuses in pool manipulation by ruling that no specialist, no partner of a specialist, nor firm of which a specialist is a member can be interested in any pool transaction.

"THE place to start is at the bottom," many an ambitious youth is told. The Chase National Bank, which celebrated the fifty-fifth anniversary of its birth the other day, began somewhere near the bottom. It opened its doors in September, 1877, with the country about at the bottom of the great depression which followed the panic of 1873. John Thompson, its organizer, is quoted as saying, "Just the time to start a bank—any change must be for the better."

The Chase had deposits of about a

million in its first published statement. Now it has deposits of \$1,300,000,000.

LOW prices for commodities is another way of saying that money is high. If it takes 20 pounds of copper to buy a dollar then a dollar is costly, for less than 20 years ago it took only three pounds of copper to buy a dollar.

Looked at that way the dollar is costly. But there have been few times when the most responsible of borrowers, the Government, was paying so little for the use of money.

The Treasury issued \$100,665,000 of 91-day bills the other day. They were four times oversubscribed and sold at a price which made the average annual interest rate 0.23 per cent. As one financial writer put it: "A bank which purchased \$1,000 face amount of the bills paid therefor \$999.41 and will receive at the maturity of the issue 59 cents of interest."

CASTING around for something to worry about if Roosevelt were elected, some men in the financial district have re-read the Governor's Topeka speech on farm relief. Here were the sentences which aroused their interest:

In the first place, there is the necessity for the refinancing of farm mortgages to relieve the burden of excessive interest charges and the grim threat of foreclosure. . . .

I am prepared to insist that federal credit be extended to banks, insurance or loan companies or other corporations or individuals which hold farm mortgages among their assets—but that these credits must be made on the condition that every reasonable assistance be given to the mortgagors where the loans are sound with the purpose of preventing foreclosure.

Lower interest rates and an extension of principal payments will save thousands of farms to their owners.

It was recalled that there are about nine billions in farm mortgages in this country and that there is due each year well over half a billion dollars in annual interest on them.

It was recalled also that the Frazier bill to refund farm mortgages was favorably reported at the last session by the Senate Agriculture Committee. That bill would let the farmer get from the

Be Right With the Babsonchart

In September, 1929, The Babson Organization, *when everyone was bullish*, forecast a heavy decline in stocks. Although this forecast was then ridiculed, subsequent events showed the truth of this forecast.

In July, 1932, *when everyone was bearish*, we reasoned from the Babsonchart and stood almost alone in advising the purchase of commodities and securities, believing them to be good for a large advance in price.

Today—?

Babson's Reports

Div. 35-66, Babson Park, Mass.

Send me free copy of the famous

BABSONCHART

With Business and Investment
Outlook

Name

Address

When writing please mention Nation's Business

Farm Loan Board money with which to pay off his loan and in turn give the board a mortgage at 1½ per cent. Reserve banks would have to invest in bonds secured by these mortgages and if that didn't absorb them, the Reserve Board would have to issue notes against the remainder.

An inflationary scheme which never got very far but financiers could not but wonder what "lower interest rates and an extension of principal payments" might lead to.

A DEPRESSION such as we are now going through or, I hope, have gone through, is bound to mean the death of many companies. There were many plants in the United States which were about through when the war came, were revived by that tremendous event, managed to survive the short depression of 1920 and to thrive reasonably well since then. Now they are finding life too hard.

On the other hand, many new industries are being born in this time of hardship.

What happens is this: An established plant finds itself in a bad way. It is put on the market or is sold under foreclosure. Some new group buys it and starts manufacturing.

The advantage is that the newcomers start with a low invested capital because they bought the plant at a low price and were able to buy equipment and raw materials at present low prices.

A recently reported example is the entrance of Continental Motors into the automobile field. For years they have been making a well known automobile engine and parts.

Some months ago they bought the DeVaux-Hall Company for a ridiculously low price. Then they got hold of the Divco-Detroit Corporation, maker of trucks for retail milk routes, also at a low price, it is reported. They have made a modestly priced car and now plan one at a still lower price.

JUST the other day the receivers of the Jordan Motor Company asked the court's approval of their acceptance of an offer of \$150,000 for the plant exclusive of machinery. That will permit the payment of about 15 per cent to general creditors and wipe out stockholdings. It may also permit some new concern to undertake manufacture of whatever the plant is suited for with a great saving of capital investment.

THERE is much talk of "latent" buying power. Whenever a government loan

Reach the Southwest

Via "America's Port
of Quickest Dispatch"



The Port of Galveston is served by 69 steamship lines and five great railroad systems. Frequent coastwise service extends to east and west seaboard ports.

Galveston is a unit port—all activities under one control. The co-ordination of rail and water terminal facilities means dispatch in transferring cargo from one carrier to the other. Galveston is on the Gulf—vessels reach the open sea in shortest possible time.

Every modern facility is provided to insure efficient and dependable service. Concrete, sprinkler-protected warehouses keep shipments safe while in port.

Experienced traffic men welcome opportunity to help solve traffic problems. Write for "Shippers' Digest," official port publication, giving sailing dates and shipping news. Write the Chamber of Commerce, Galveston, Texas, or direct to the Galveston Wharf Company.



Ships come from every major port

Galveston's location and transportation facilities make it an economical Southwestern distributing and manufacturing point. Galveston's winter climate is ideal. Investigate.

Port of GALVESTON

When writing please mention Nation's Business

is oversubscribed five or seven times some one is apt to refer to the disappointed four-fifths or six-sevenths of those millions as "latent" buying power for everything from bonds to washing powders.

There is undoubtedly a great amount of money in this country looking for something to do. At one time it was money seeking a hiding place, afraid almost of a safe deposit box and questioning if it was safer under the bed. That stage of panic is passing. Money, however, is still timid. It is losing its shyness of banks, but it is still shy of most investments. When it ventured into the stock market it was ready to take a profit and scuttle out.

The owners of that money, cautious about their savings, doubtful about the future of their wages, their salaries or their incomes, undoubtedly represent "latent" buying power, but the dictionary tells us that "latent" means "lying hidden" and that buying power is not going to stop lying hidden until it feels much safer in the open than now.

The real buying power will come from increased employment, increased wages and certainty of employment. When those factors obtain, we shall see business not just "start up" but march up.

NATIONAL Distillers Products Corporation passed its cash dividend the other day after having declared a "whiskey dividend" in the shape of warehouse warrants for whiskey to be delivered when the law allows.

The idea opens up great possibilities. General Motors, if it decided to add to its cash holdings, might declare a dividend of a Chevrolet to the holder of so many shares and a Buick to the holder of so many more shares.

American Woolen might issue for each five or ten shares of stock enough cloth to make even a bloated stockholder a suit of clothes.

But it would be a problem for American Locomotive!

Anyway, stockholders of Distillers haven't got their whiskey yet.

CANADA is undertaking to eliminate wasteful competition between its two great railroad systems, the Canadian Pacific and the Canadian National, and to eliminate politics from the latter.

Meanwhile, the heads of the eastern railroads in the United States announce that they have agreed on consolidations into four great systems.

What becomes of our long vaunted theory that "competition is the life of

SERVING A CROSS SECTION OF AMERICA



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Rochester, New York



Hosiery
Reading, Pennsylvania



Iron and Steel
Johnstown, Pa.



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Binghamton, N. Y.



Washing Machines
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Gas Stoves
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Locomotives, Erie, Pa.

● Cameras and candy, clothing and shoes, electrical machinery and locomotives—these products represent only a few of the 285 industries served by the Associated System.

Geographical areas served are as varied as the industries they contain. Twenty-six states and more than 3,000 communities are numbered.

If business is dull in some areas, the Associated System has others upon which to rely. If all industry averages below normal, there are 1,189,466 domestic customers whose use of electric and gas services continues. Associated homes used 6.8% more electricity in 1931 than in 1930, and 6.4% more during the first half of 1932 than during the same period last year.

For information about facilities, service, rates, write

ASSOCIATED GAS & ELECTRIC SYSTEM

61 Broadway



New York City

ACCOUNTANTS! BUSINESS EXECUTIVES!

Here is what you want—

the New 1932 Edition of the famous

Accountants' Handbook

WHETHER you work on the accounts yourself or use them in business management, the new Accountants' Handbook is the first place to go for help on accounting questions in your business day.

In this great book you will find the information you need to handle any situation you may meet—everyday or emergency—from simple bookkeeping to higher accounting.

A "Reference Library" in One Handy Volume for Everyone Concerned with Accounts

When you begin to use this Handbook, you extend immediately your accounting ability. Its 33 sections put at your command for constant use modern practice covering the entire range of accounting—principles, working procedure, systems, controls, analytical methods, audits (see list at right). You don't have to try to carry this whole vast field in your head.

In dealing with any question, you can select, not merely the usual, but the best method for your purposes. You get the best opinion on all angles involved—not only accounting, but banking, legal, and financial. When you are called upon to handle situations outside your own experience, you are practically sure to find here just the guidance you need.

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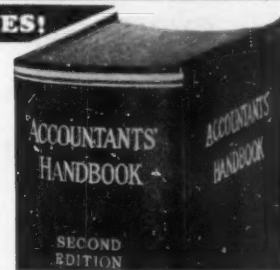
Nowhere else, at any price, is there anything like the Accountants' Handbook. It brings together vital information you would otherwise have to seek out in hundreds of specialized sources.

Concentrated in its 1873 pages is material equivalent to fully 4500 of ordinary style, or 10 large volumes. Tables, rules, definitions, and formulas abound. 60-page index, with over 7,000 references, leads you at once to any item. Durable, flexible binding and patent unbreakable back insure you years of service.

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Manufacturing Costs; Distribution Costs; Standard Costs; Systems; Machine Methods; Public Accounting; Fiduciary Accounting; Business Law; Mathematical Methods and Tables; Principles of Doubtful Entry.

1873 Pages; Flexible Bindings; Price \$7.50

Examine the Book Free—Mail This Coupon

THE RONALD PRESS COMPANY, Dept. 534
15 East 26th Street, New York, N. Y.

Send me postpaid the new Second Edition of the Accountants' Handbook. Within five days after its receipt, I will either send \$7.50 in full payment or return the book to you.

☐ Check here if you prefer to make three monthly payments of \$2.50 each.

Name (please print) _____ Title or _____

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City _____ State _____



Service to Your Business Based on Experience

LONG and extensive experience in serving important organizations in every major line of American industry places this Bank in an advantageous position to serve your business.

Some of the Facilities Available to Our Commercial Customers:

Complete domestic banking service.
Complete international banking service.
The advantage of ample resources.
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Complete trust facilities.
Our private wires in the United States.
Our eight complete offices in Europe.
Credit information, domestic and foreign.

Guaranty Trust Company of New York

140 Broadway

FIFTH AVENUE at 44TH STREET MADISON AVENUE at 60TH STREET
LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

When writing to GUARANTY TRUST COMPANY OF NEW YORK please mention Nation's Business

trade"? Was the principle of the Sherman and Clayton Acts all wrong?

IN HUNTING for bright spots, one needn't overlook the reports of the United States Building and Loan League. They say that:

1. New money is coming up.
2. Instalment loans are being paid off more promptly.
3. Many instalment buyers of homes are adding to their building and loan holdings.

On the Business Bookshelf

AN INTERESTING pamphlet of some 90 pages is the "Chain Store Manual,"¹ published by the National Chain Store Association. Though chain stores are not new, their great importance in retailing is comparatively new. And they have received a great deal of criticism.

The "Chain Store Manual" tells a brief story of the chain store movement, the advantages and disadvantages of chain stores, and refutes some of the charges often made against them.

One charge against chains most likely to arouse sentiment is that they drive independents out of business; yet proportionately, the number of retailers who go out of business each year is about the same as before the chains were of any importance. As to the monopolistic tendencies of the chains, if all chains were under one management, they would have the smaller part of our retailing business; or, even if there were no independents, the chains would still have strong competition with each other; then it is obvious that, with the independents doing most of the business, and the chains competing with each other, no chain approaches monopoly.

ERWIN, Wasey & Company have compiled the information disclosed in the 1930 census of distribution.² Sales in 370 major city markets and in all states are given both by the principal retail outlets and as a whole.

¹Chain Store Manual, by John P. Nichols. National Chain Store Association, New York.

²The Major Retail Markets of The United States, Erwin, Wasey & Company, Inc., New York.

It's hard for a Hungry citizen



to be a Good

CITIZEN

THE boy whose stomach is empty cannot be expected to do good work at school. Babies undernourished through another winter may be handicapped by frail bodies through life. The hungry father of a hungry family is hardly the man to seek employment with persistence, or to do well on the job when he gets it.

Before you can save a man's soul it is often necessary to feed his body. You have no right to expect the civic virtues of patience, courage and honesty from starving, freezing men and women. If they preserve a just attitude towards the laws of the city in which they live, it is a miracle.

This winter, as never before, it is the duty of all who are well-clad, well-housed, and well-fed to help the less fortunate. The fact that you gave last year, and the year before, does not lessen your responsibility. The fact that you cannot afford a large contribution must not deter you. The upturn of business with a gradual improvement of economic conditions does not remove the crisis of this moment. Emergency appropriations by the federal government amount to \$300,000,000, but they meet only half the increased national needs for human relief.

The rest is up to you!

How will your dollars be used? First of all, they will feed the hungry, and relieve the absolute want of the unemployed.

They will be used, also, to take care of the sick and aged. They will help to maintain hospitals, orphanages and schools. They will make possible clinics and visiting nurses.

The dollars you give are invested in the forces of civilization right in your community!

WELFARE AND RELIEF MOBILIZATION, 1932

The Welfare and relief Mobilization for 1932 is a cooperative national program to reinforce local fund-raising for human welfare and relief needs. No national fund is being raised; each community is making provisions for its own people; each community will have full control of the money it obtains.

Give through your established welfare and relief organizations, through your community chest, or through your local emergency relief committee.

Newton D. Baker, Chairman, National Citizens' Committee

This winter, as never before, support your local Community Campaign

DISCOVERED "SECRET" OF PIPE SATISFACTION TEN YEARS AGO

TEN years ago Mr. J. Franz Norgren of Madison, South Dakota, was still engaged in the search well known to every pipe smoker—the search for the ideal tobacco. Then one day his seeking was rewarded. He found it at last in Edgeworth! For some time he believed he had stumbled upon a "secret." But as the years passed he met up with the "little blue tin" with increasing frequency. Mr. Norgren's letter tells the story of his discovery.

Madison, South Dakota,
December 25, 1931

Larus & Bro. Co.,
Richmond, Va.
Dear Sirs:

Today, Christmas Day, I received a half-pound of Edgeworth from a friend. That's a real gift! Ten years' intimate acquaintance with this excellent tobacco only intensifies my approval of a friend's good judgment.

When I first smoked Edgeworth, I thought I had discovered a secret. I had no idea before how satisfactory a fine blend could be. I came to look upon a good pipe packed with Edgeworth as a point of distinction wherever I might be. My observations since have upheld my theory. I meet up with the little blue tin with ever-increasing frequency.

Living in the country, a fellow gets to be particular about tobacco. To my mind, Edgeworth is the one tobacco that shows up best in any circumstances. At work or at leisure, there's no pal that comes up as cheerfully and that lends itself so perfectly to the moods of man and nature as another pipe of Edgeworth.

The point is, though, Edgeworth isn't the secret I thought it was. It's out—such things don't stay secret when you have friends.

Very truly yours,
J. Franz Norgren.

Are you one who has never known the genuine satisfaction of a good pipe and good tobacco?

Then take up your pen right now and drop a line to Larus & Brother Co. at 119 S. 22d St., Richmond, Va., and ask for a free sample packet of Edgeworth Smoking Tobacco. Edgeworth is a *different tobacco*. It is cool and slow-burning. Its blend of choice burleys with the natural savor sealed in cannot be matched—regardless of price or fancy packaging. Put Edgeworth in your pipe and smoke it.

You can buy Edgeworth in two forms—Edgeworth Ready-Rubbed and Edgeworth Plug Slice. All sizes from 15-cent pocket packages to pound humidors. Several sizes also come in vacuum sealed tins. Don't miss the Edgeworth radio program—the Corn Cob Pipe Club of Virginia—broadcast over the Coast to Coast Red Network of the National Broadcasting Company every Wednesday evening at 10 o'clock, Eastern Standard time.



When writing please mention Nation's Business

THIS is one of a series of editorials written by leading business men on the general subject of advertising

Money Can Come Only From the Pay Envelope

"PLANT opens to fill immediate rush orders!"

That has been the tenor of much of the good news that has filtered through the press to the public the last few weeks. An upward trend has begun and with the manufacturers of America lies the power to give this upturn real force and meaning.

Today's condition, in brief, is this: The inventories upon which business has been existing are now at rock bottom. In some places there is a real shortage of finished goods. A check of recent reports shows inventories at the lowest point in ten years.

Not only is the manufacturer affected by this shortage—the wholesaler, the retailer, and the home feel the pinch.

The merchant cannot be expected to buy great quantities of merchandise in advance when his customers are strapped for money and many have no jobs. The worker's meagre earnings have dwindled alarmingly in the last two years. He is at the bottom of his savings account. Before he buys, he must begin to earn.

Forward-looking corporations, among them United States Steel, Sherwin-Williams and American Radiator, have encouraged business leaders by announcing purchases of large quantities of materials and equipment.

The next important forward step will be made when leading industries get together and boost their employment and pay rolls for a 60-day period.

The action of a few can do little. Concerted effort by many manufacturers will do a great deal. Resources and credit are now available to reopen plants. Before winter, the uptrend must be turned into a solid revival. But nothing short of nation-wide action will serve.

J. H. RAND JR., President
Remington Rand Inc.

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Men who "know it all"

are not invited to

read this page

THIS page is not for the wise young man who is perfectly satisfied with himself and his business equipment.

It is a personal message to the man who realizes that business conditions have radically changed in the last few years, and that there is a whole new set of rules to be mastered. He feels that he ought to be earning several thousand dollars more a year, but simply lacks the confidence necessary to lay hold on one of the bigger places in business.

We should like to put into the hands of every such man a copy of a little book that contains the seeds of self-confidence. It is called "What an Executive Should Know" and it will be sent without obligation.

It contains the Announcement of the Institute's new Course and Service for men who want to become independent in the next five years. Among the contributors to this new Course are:

ALFRED P. SLOAN, JR., *President*, General Motors Corporation.

FREDERICK H. ECKER, *President*, Metropolitan Life Insurance Company.

HON. WILL H. HAYS, *President*, Motion Picture Producers and Distributors of America, formerly U. S. Postmaster General.

BRUCE BARTON, *Chairman of the Board*, Batten, Barton, Durstine & Osborn, Inc., Advertising Agents.

DR. JULIUS KLEIN, *The Assistant Secretary*, U. S. Department of Commerce.

JOHN T. MADDEN, *Dean*, School of Commerce, Accounts and Finance, New York University.

C. M. CHESTER, JR., *President*, General Foods Corporation.

M. H. AYLESWORTH, *President*, National Broadcasting Company.

THOMAS J. WATSON, *President*, International Business Machines Corporation.

DEXTER S. KIMBALL, *Dean*, College of Engineering, Cornell University.

Can any ambitious man fail to get something of value from contact with minds like these? Here are a few examples, selected from many hundreds, showing how this organized knowledge is translated into added earning power:

CASE 1. Works Engineer, salary \$6,000; now Vice-President and General Manager, salary \$18,000.

CASE 2. Local Manager at \$5,200; now Regional Manager, salary \$15,000.

CASE 3. Production Manager, salary \$6,000; now President, salary \$21,600.

Send for this Booklet

For the man who is perfectly content with himself and his job, the Alexander Hamilton Institute can do nothing. But there are thousands of men who could double their incomes if they believed in themselves and had the solid business knowledge to back up their belief.

Why not investigate *now*? The booklet pictured at the left costs nothing and places you under no obligation.

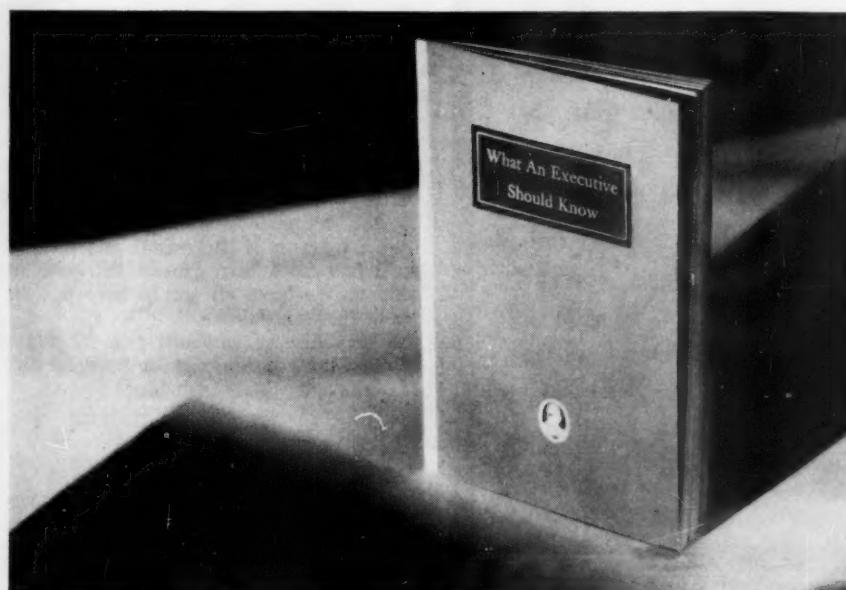
To the Alexander Hamilton Institute, 683 Astor Place, New York City. (In Canada, address Alexander Hamilton Institute, Ltd., C. P. R. Building, Toronto.)

Send me "What an Executive Should Know," which I may keep without charge.

NAME _____

BUSINESS ADDRESS _____

BUSINESS POSITION _____



For the Man who wants to be Independent in the next 5 years

THE little book pictured above should be read by every man who expects to win a secure place for himself in the next five years. It explains some of the changes which are taking place in the business world today. It tells

how you can equip yourself to take your place in the new business structure with confidence and increased earning power. It contains the condensed results of 20 years' experience in helping men to forge ahead financially.

When writing to ALEXANDER HAMILTON INSTITUTE please mention Nation's Business



Cleanliness

AN EXTRA DIVIDEND

ON

The GEORGE WASHINGTON

The Most Wonderful Train in the World

Completely Air-Conditioned

EVERY CAR—ALL THE TIME

NO EXTRA FARE

No one expects a railroad train to provide a *clean* ride. Indeed, few people believe it possible. So, when travelers on The George Washington find that clothes *stay* clean throughout the trip, the discovery comes with the welcome surprise of an extra dividend.

Only The George Washington can give this extra advantage.

Cleanliness, however, is only one of the advantages of air-

conditioning. With it should be listed refreshing atmosphere, and healthful, comfortable temperature. The results, quite obviously, are pleasant day travel and sound, refreshing sleep.

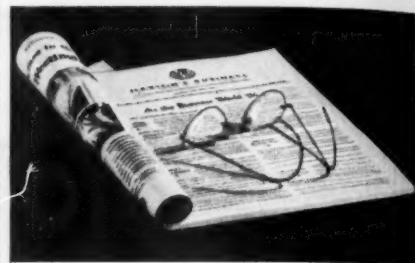
The ticket agent of *any* railroad can route you on The George Washington. Insist upon it. Learn for yourself how pleasant travel "with an Extra Dividend" can be.

WESTWARD (Read down)

6:01 PM Lv. Washington	(EST) Ar. 8:30 AM
8:45 AM Ar. Cincinnati	Lv. 6:01 PM
10:50 AM Ar. Louisville	(CST) Lv. 1:30 PM
10:45 AM Ar. Indianapolis (Big Four Ry.)	Lv. 2:10 PM
3:00 PM Ar. Chicago	Lv. 10:05 AM
4:45 PM Ar. St. Louis	Lv. 9:04 AM

EASTWARD (Read up)

CHESAPEAKE and OHIO



Through the EDITOR'S SPECS

FROM the grass roots and crossroads of the nation comes increasing evidence of that leadership for which we have all been pleading. A little packer in Maryland tells me he has increased his business 300 per cent this year over last, has added nine refrigerator trucks and put up a new \$50,000 building.

An Indianapolis manufacturer extended the market for his main product and at the same time added five side lines, which, all rolled together, are pushing his 1932 volume and profit to the best figures in ten years.

A young fellow of my acquaintance, who had saved his money, traded his modest five-room house and \$1,800 for "a finer house than I ever thought I could own."

From a back-room talk fest at a life insurance convention, an infectious confidence:

"We have had our troubles. Heaven knows, we still have them, with this demand for policy loans and the knowledge we may have to write off some more investment losses, but last week our company had from one branch the largest number of applications for new insurance in its history."

At the end of an hour's talk, a train conductor handed me his card. Under the name was the legend:

"Any business given to the Rock Island will be appreciated by me."

I asked him if all conductors had similar cards.

"No," he replied, "I think I am the only one. I figure it is the least I can do. The road has more than played ball with us fellows. We have all got to help put the traffic back on the line."

Whereupon he launched proudly into a discussion of the special care his road took of fruits and other perishables.

EVEN municipalities are capitalizing their opportunities. Jamestown, N. Y., for example. It invites "worthy people of other cities, who have been forced to take large losses financially and who would like to start anew in some other town where their social activities might be launched on a different scale without the embarrassments incident to loss of wealth."

This is the same Jamestown which last winter maintained employment at nearly normal figures. Inquiring how and why, we learned that not more than five per cent of the city's 15,000 workers were employed in any one of its 135 industries; that the 135 industries were home-conceived, home-

(Continued on page 6)

NATION'S BUSINESS for December

VOLUME 20

NUMBER 12



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Roosevelt

Shortly before the election, Morris Edwards had a long conversation with Franklin D. Roosevelt in Albany. At that meeting, which was more a discussion than an interview, the President-elect set forth his views on many subjects that will interest business men—his views of government operation, government regulation and other timely subjects. In reproducing that conversation in this magazine we believe we are doing business men a real service in aiding them toward a better understanding of the coming administration and its feelings on business subjects.

More Squawks

In our October number we printed an article by J. Howard Pew, who declared his belief that the oil industry is the most severely taxed on earth. We doubted if this view would go unchallenged and invited other business men with opinions on the subject to communicate with us. The result was an imposing stack of mail, from which we have selected several representative letters. Oil, it seems, is not the only claimant for this distinction.

Railroads

Although the railroads have nothing to sell except transportation they have not let this limitation prevent them from "dressing up the product." On page 25 L. C. Probert, Vice President of the Pere Marquette Railway, describes some

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of the things the roads have done to meet competition and help business.

Sales Tax

The Canadian sales tax law, which has been operating ten years, is most frequently pointed out as the model which this country should use when and if a similar tax is adopted in this country. Now it seems likely that the sales tax will be seriously considered as a means of increasing revenues here. For this reason it seemed important that American business should have a better understanding of the Canadian plan and some information as to what business men there think of it. We asked Floyd S. Chalmers, an experienced Canadian business writer, to give us this information. His article begins on page 30.

Change

Harrison E. Howe, editor of *Industrial and Engineering Chemistry*, keeps constantly abreast of all research that appears to have a bearing on business trends. Frequently he contributes articles to NATION'S BUSINESS discussing the new things which science has prepared to aid or confound business. His newest contribution appears on page 44, this issue.

Ingenuity

Examples keep pouring in to prove that profits are waiting for those who go after them. On pages 50 and 51 are stories which prove that effort and courage still show results.

MERLE THORPE, Editor and Publisher

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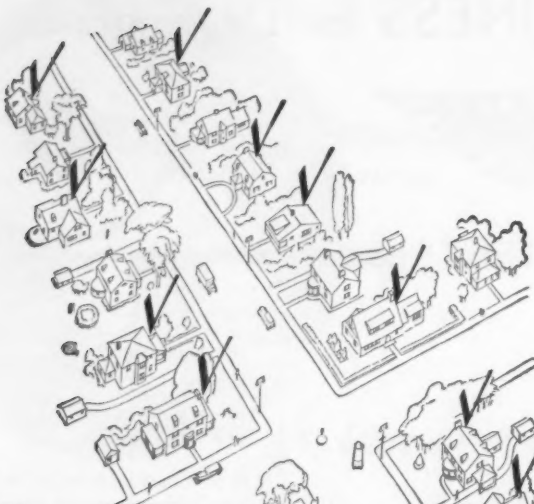


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The Street of the Ten Thoughtful Fathers...

The best advertisement for life insurance was never written. ... It was *lived* (and is still being lived) on a quiet, tree-lined street of a small Pennsylvania city.

Ten of the many beautiful homes on this street are occupied by widowed mothers and their children. The running expenses for these ten homes are cared for by Equitable monthly checks. Had it not been for the farsighted devotion of ten husbands and the services of The Equitable, these families would not be able to remain in such comfortable homes, or to maintain their accustomed standards of living.

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31N.

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NAME

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ADDRESS

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(Continued from page 4)

financed, home-owned and home-managed; that industrial expansion had been primarily from within; that there had been no bank failures in a hundred years; and that when one Jamestown industry effected a saving in costs, it passed a generous part of it along to the next fabricator in line, to assure that the city's products might go into the world with the best possible competitive price.

The invitation, buttressed by such sound selling material, is receiving many responses, we are told.

THE same tempo swings through a somewhat different tune from Warren, Ohio. The city was having its financial troubles. Debt. Delinquent taxes. Looming foreclosures. Insolvency just ahead. But—notice the "but" in this letter from Stanley Grove, manager of the Warren Chamber of Commerce:

As the result of our Tax Committee's work this year, the City Council last Wednesday night passed a balanced budget calling for \$215,000 appropriations for 1933. Our Committee had suggested they cut the budget to about \$185,000. But we are gratified, as the \$215,000 figure is roughly a 50 per cent cut from this year's budget.

We could fill the columns of this department with similar stories of readjustments going on in the lives of private and public businesses.

America has long been held up by astute observers as having great resourcefulness to meet changing conditions. Initiative, self-reliance, contempt for hazards, determination to be a little better off tomorrow than we were today, again these forces are rumbling into action. The cry for national leadership, industrial or political, has been baby-ish. The leadership in a democracy comes from the individual, and that leadership will again lead us into normal ways of living. Search your histories and you will find that in other depressions there was no political formula, no heaven-sent industrial "plan" on a national scale, but quietly, inevitably, there came about a rejuvenation of the spiritual forces of the people themselves, which, after all, is a leadership more substantial in a democracy than any that could be devised along the lines of a Mussolini or a Stalin.

THE president of a great corporation recently submitted a "plan". Much of it was to be developed and carried through by local chambers of commerce.

Interested, we asked a veteran chamber of commerce executive whether the suggestions were sound. If so, why are they not being carried out? He wrote:

I recently had occasion to check up on this. The statement to which you refer is similar to a dozen others from men of national prominence. All, starting from New York or Washington, have schemes for arousing the public by Liberty Loan methods. In every one, the local chamber of commerce is the base of the effort.

Of the twelve—all with offices or plants here, and one with seven sub-

sidiary plants—only five hold memberships in the — Chamber. The corporation with the seven subsidiaries has only one membership, the same as the little tailor around the corner. The man whose statement you quoted resigned when the depression hit. Another, who recently told the country what he thinks we ought to do, gives us an amount which would sustain for about half an hour the specific activities which he urges upon us.

I submit that these people are not as smart as they think they are. They are not getting what they themselves say they want and what they say is vital to business recovery.

Chambers of commerce cannot be run on faith.

TRADE NOTE: The horse is coming back. The *Spokesman and Harness World* gives an account of the first horse theft in 30 years in Christian County, Ill. The headline is almost wistful: "Horse Stealing Revived."

FROM F. E. Moore, president of the Mathews Conveyor Company, of Ellwood City, Pa., comes this comment:

I am interested in your question: "Why not follow Governor Byrd's suggestion of having every legislative body devote one session solely to repealing laws working mischief with our economic and social life?"

For 15 years, I have been preaching that doctrine!

Governmental paternalism encourages personal inertia, waste, laziness, extravagance, dependence, thoughtlessness and drifting, and discourages personal initiative, resourcefulness, saving, independence and thinking.

One should not expect to receive from governmental sources more than he gives.

We have only ourselves to blame for paternalism. Some time we shall have a suspicion that the sugar coating does not go all the way through the pill.

WELL-WORN tools of bureaucracy are—
Pointing with pride: Sensitive to the great human forces of life, the A. P. reports that the director of the National Park Service recently told the country about a poor little girl who faced expulsion from school for talking back to her teacher, "but a little Government pamphlet eventually saved her." The little girl had said that George Washington was born at Wakefield. Teacher said Mount Vernon. Argument. Hot words. Child expelled. But, when the little girl and her mama had visited Wakefield they "fortunately took some Park Service literature home with them." Then, just as the poor little girl was about to be cast into a cold world with the stigma of expulsion forever after making her life miserable, the little pamphlet was found to "substantiate the child's correctness." Ah, there stands Uncle Sam, majestically defending Historical Truth and Kindergarten Justice!

Viewing with alarm: The chairman of the United States Shipping Board, is again
(Continued on page 62)

You don't need to
worry about these
technical facts:




1 The filament is the heart of the lamp; it must be right.

Edison Mazda Lamp filaments are 99.9% pure tungsten; they are measured to half the diameter of a human hair by weighing a given length on an instrument so delicate it will register even a pencil mark!

2 Bulbs of Edison Mazda Lamps must be free from bubbles or other disfigurements. To obtain such glass, sand which is 99.7% pure silica must be used. It is shipped to the glass works in specially built tank cars, as carefully sealed and guarded against dust and other contamination as a shipment of milk!

3 Four hundred and eighty processes, inspections and checks are involved in the making of an Edison Mazda Lamp. That's how quality is safeguarded every step of the way.

But you don't need to worry about these and countless other technical facts if the lamps you use bear this mark  on the end of each bulb.

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NATION'S BUSINESS



A MAGAZINE FOR BUSINESS MEN



A Protest Against Too Much

COMMENTATORS on the recent election generally point to the conclusion that it was a vote of protest. Hard times, it is said, was the motive. Men and parties were not the issue but rather a blind, unreasoning dissatisfaction and discontent with things as they are.

But the commentators stop short. They do not analyze the causes of the discontent. What are they? Are they disappointment over political promises unfulfilled and, indeed, incapable of fulfillment? Over the political experimenting in an alien field of economics? Over the increasing and expanding mechanism of government, with its attendant expense, an expense which is draining the resources of every household? Is it not a protest against the quantity of government, rather than against its administration?

The public senses the futility of trying to raise wages by edict; of trying by law to bring prosperity to the farm and to lower prices to the consumer at the same time; of promoting this and avoiding that by setting up a political bureau.

The public senses the double cost of paternalism, in money and limitation of individual effort. It has felt vaguely that government has pursued a strange course in the last 30 years, as government has become lawyer, doctor, merchant, farmer, navigator, hotel keeper, laundryman, musician, transporter, provisioner—building service upon service, trade upon trade. The American citizen has seen more and more of his neighbors absorbed into the 700 classifications of the Federal Civil Service, and is dimly aware of the fact that between eighteen and twenty millions of those neighbors are now de-

pendent upon tax payrolls of one kind or another.

True, the public has not seen this as a whole, but in broken segments. The banker sees it in his field, but is blind to the same government competition, excessive regulation, expensive "servicing," in the fields of production, manufacturing and construction; the merchant sees it in his field, but is blind to the same handicaps in transportation and communication and insurance.

Some day the whole public will see the whole picture.

In New York City, a new acting Mayor named McKee set out to eliminate some of the excrescences of government. He proposed, among other things, to save \$200,000 by eliminating official limousines. His program was repudiated by his colleagues who denied him a place on the ballot. But 135,000 citizens, under great physical difficulties, wrote in his name.

Unless our newly elected leaders analyze and remove the causes of this "blind, unreasoning discontent," an enlightened and aroused public will find a way of writing their own ballots and of voting not against men or parties but against the steady encroachment of politics upon its affairs and activities.

In other words, the "protest," no longer a vague and indiscriminating sense of discontent, will be changed to support of those public men who courageously set about to bring the American government back to its primary and proper function.

Mere Thorne

Character Counts



When the test comes, different qualities of strength and courage stand out.

Back of the policies of the *Hartford* one finds a strong, stable company that has met its every obligation for more than 122 years . . . a company that has weathered successfully five wars, seven panics, and all conflagrations. Of such stuff is the *Hartford* made . . . on such you may depend at all times, under all conditions.

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NATION'S BUSINESS

Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

DECEMBER, 1932

VOL. XX No. 12

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Business and the Election



LAST month on this page we said that no matter whether Hoover or Roosevelt should be chosen president, the recovery of business would proceed at about the same pace. Now that Roosevelt is to take office next March we see no reason to change that view. Our whole political system is based on the right of the majority to put its man in office and to take charge of the Government. Time and again in our nation's history we have had new men and new parties come into power and never, save for brief interruptions, have we ceased to march on to higher levels of prosperity.

Just before election the National City Bank said much the same thing:

The most notable aspect of this campaign is the endorsement by both candidates and party platforms of principles of economy and sound money. They are alike in recognizing the importance of balancing the budget, and there is no agitation of the money question among the leaders of chief influence within either party.

It is to be recognized that the influence of the depression has been toward conservatism. Amid all the distress common sense has prevailed.

Democracy is bigger than party. Self-government makes mistakes but those mistakes are never fatal. Four years from now the American people will choose a leader anew and the country will not be irrevocably lost in the meanwhile.

Too Much Campaigning



TOO many speeches, too much newspaper space devoted to the doings of candidates, in short, too much campaign. That's the opinion of business as gathered from talks in our own offices, on trips to other cities and in Pullman cars.

The symptoms of surfeit showed themselves before October was half through. The wide use of the radio, the great space given by newspapers to campaign addresses and the fairness which most of them showed in printing speeches on both sides were causes. The candidates had said what they had to say by mid-October. In the later days of the long-drawn-out word-battle each candidate, having stated his creed, took to telling what he thought of the other fellow and the other fellow's party and the spectacle was not dignified.

It is interesting, if not significant, that the two speeches most commonly referred to as "boners," as having hurt the cause of the candidates they were intended to help, were made as the campaign neared its end.

We shall in all probability see adopted the constitutional amendment which puts in office in January the president

elected in November. Suppose we clipped off a little at the other end—nominated in September, elected in November, inaugurated in January. That would give us six weeks or so of campaigning and most of us would be quite content.

The Move For Inflation



DESPITE the reassurances of the National City Bank, we have not heard the last of the demands for inflation, but the fight for more currency is more likely to be on geographical than on party lines. Senator Borah seems to be ready to lead such a battle and he is sure to find supporters who will not be bound by label.

In addition, demands for the immediate payment of the bonus will be loud and persistent. Any inquiry as to "what shall we pay it with" will be met with the answer "make more money."

Another factor that will move toward inflation is the demand for relief of the farm mortgage situation. The most extreme of these proposals is to have the Government pay off these mortgages in greenbacks (it might take nine billions) and refinance the farmers at a low rate of interest.

Economy in Veteran Relief



THE National Chamber, through its special committee on government expenditures, of which Matthew S. Sloan is chairman, has pointed out that \$400,000,000 can be saved to the Government in the cost of veteran relief and still generously compensate "all men who have been disabled in defense of the country and the dependents of those who lost their lives while in service."

Surely the Government owes no more and those who saw service should ask no more than that.

Declaring against payment of the soldiers' bonus before maturity date the report points out that, at the present rate, veterans' relief will reach \$4,500,000,000 a year by 1950 if the present trend of legislation and interpretation is followed.

Proposals for the immediate cash payment of the bonus will be opposed both by the present occupant of the White House and by his successor. Mr. Hoover's attitude is well known. Mr. Roosevelt went on record in Pittsburgh on October 18 when he said:

... last April my views of the subject were widely published and have been subsequently frequently quoted. I said:

"I do not see how, as a matter of practical sense, a Government running behind \$2,000,000,000 annually can consider the anticipation of bonus payment until it has a balanced budget, not only on paper but with a surplus of cash in the Treasury."

No one . . . has the right in the absence of explicit state-

ment from me to assume that my views have changed. They have not.

Meanwhile every business man would do well to read the report of the Sloan Committee. He can have a copy by asking the Chamber or the magazine.

Missing a Chance For Economy?



UNDER the Economy Act approved last June, Congress appointed a joint committee of five members from each house to study the "laws and regulations relating to the relief of veterans of all wars and persons receiving benefits because of service of such veterans, and report a national policy in respect to such veterans and their dependents." It is also empowered to recommend such economies as will lessen the cost of the Veterans' Administration. The Act further provides that the Committee shall report not later than January 1, 1933.

Early in November the Committee had held no sessions although it had called on various government agencies for information. It presumably will be active little more than a month before reporting.

Can the Committee accomplish its double task in this time? The budget for the next fiscal year will be voted in the approaching short session. Is there danger that the duty of the Committee to formulate a national policy upon veterans' benefits will obstruct the effort to obtain economies immediately applicable in the 1934 budget?

It would seem that the agencies which are working for reduction in federal expenditures should urge the Committee, in its report of January 1, to stress possible economies in veterans' expenditures under the 1934 budget, even if it has to ask an extension of time to deal with long range questions of national policy. A well devised national policy is important, but the effort to formulate it should not handicap the movement for immediate economies.

Benefits of Machines



The New Outlook has a piece about it and the Dutch Treat Club has listened to debates about it.

If the believers in technocracy are right the real rulers of the modern world, the technocrats, are the machines or the men who own them. Two things might be said in answer to this fear of the inactive.

1. It is probable that the "technological unemployment" and the resultant suffering were greater proportionately, if all factors were weighed, in the early days of the industrial revolution in England than they have ever been since.

2. As machines increase productivity, the hours of employment decrease. We take up the slack by giving more leisure. This result is not obtained without individual suffering, but in the long run that result works out, that men have either more leisure or by a greater application more goods in exchange for their work.

Men to Answer Questions



A GROCER in the city of X owns four delivery trucks which rarely or never go beyond the city limits. A hundred miles away is the larger city of Y from which comes a great part of his stock in trade. Connecting X and Y are railroads and the roads over which run buses and trucks. Our grocer friend pays state license taxes on his cars and gasoline taxes on their fuel. These monies go to the support of the road between X and Y, over which his trucks seldom if ever run. His cars run over city streets which are built and maintained chiefly out of the real property taxes on his store building and his home. Should his gas and license taxes go to through roads?

Half a dozen states are having, or were having a few days ago, half a dozen little civil wars over the rights of trucks from one state to enter another. New Jersey at her border

stopped trucks from Pennsylvania and Pennsylvania retaliated. Maryland police stopped Pennsylvania trucks that came daily into the state. Delaware did likewise and other states pricked up their ears. The states pay for the roads. Who has the right to use them?

Such problems as these underlie the work of the National Chamber's Committee on Competing Forms of Transportation. Because it's typical of the make-up of the Committee and of the type of men who are willing to give up their time for the common good let's run down the list:

Brosseau	maker of trucks	New York
Chase	fruit grower	Sanford, Florida
Childress	barge line president	St. Louis
Clayton	cotton factor	Houston
Johnston	electrical manufacturer	Spokane
Kenney	railroad president	St. Paul
Mooney	steamship president	New York
Pelley	railroad president	New Haven
Pew	oil manufacturer	Philadelphia
Sherrill	chain stores	Cincinnati
Sherwood	coal	Indianapolis

Only two from one industry and only two from one community.

Could there be a better way of solving these questions of competition among railroads, automobiles and waterways than to ask such a group of men to consider and report on them?

The Problem of Transportation



MEANWHILE a conference committee of railroad men and bus and truck makers and users is holding a meeting to perfect details as to legislation which shall be desirable and acceptable for both of these forms of transportation. W. W. Atterbury of the Pennsylvania Railroad and A. H. Swayne, Vice President of General Motors, are cochairmen and some of its members are also members of the National Chamber's Committee although their functions do not overlap.

The Swayne-Atterbury Committee was chosen by the advisory committee of the Association of Railway Executives and by the Highway Users' Conference which includes truck and bus operators and others to whom highway transport is of major importance.

If business men whose interests are so obviously at odds can get together and agree on the regulation which is advisable and proper for highway users and if they can present a united front to the federal and state legislatures, we shall have a chance of legislation fair to both sides and to the public.

Forestalling Boom Times



ELSEWHERE our Wall Street contributor says that a distinguished economist expressed a fear that when business really starts recovery, its rise will be too rapid and will reach heights from which a descent would be dangerous.

Before me lie two letters, one from a New England manufacturer whose products are known around the world, the other from the general manager of a large warehousing business in New York. Each believes that the task ahead is not merely to help business back to a profitable normal but to prevent it from climbing to unsafe heights.

Says the manufacturer:

My biggest personal job from now on, outside of my own business, will be to devise some method by which we can prevent business from becoming too good. If we can do that, and I am positive that we can, we shall have no further need of studying unemployment of any such breadth as we have had recently, nor shall we have to bother with unemployment insurance and all of the other schemes that are putting the cart before the horse.

The warehouseman writes:

I have as yet seen no program in any way adequate to correct, in the coming boom period, those conditions which in the last boom period inevitably brought us to a condition of depression.

Out of the many items of this nature I might mention specifically:

1. Gross overproduction in certain specific lines of industry and the accumulation of vast stocks between the producer and the consumer which necessitate shutting down until they are consumed.
2. The accumulating of vast savings during a boom period which compete in the investment market and bring on a terrific inflation which must inevitably result in a corresponding deflation and destruction of value and savings.
3. The continual increase in the borrowings of municipalities and states will again increase in the next boom period unless checked.

At present we feel hopeful of coming out of the depression and having a period of prosperity but, with the technique so far developed for the handling of our economic problems, it seems to me that it will inevitably be followed by a depression which will bring about an almost complete disintegration of our present institutions.

The duty of preparing for war in time of peace has been preached since the beginnings of history. Business has known that in times of prosperity it was well to make ready for depression. Now we are being told that in times of depression we should take precautions against too much production.

For Government —Not Against



NOW and then some one rises to remark:

"The United States Chamber of Commerce and NATION'S BUSINESS are fighting Government. Their whole desire is to reduce taxes, to save the business man's pocketbook at whatever cost. They haven't any constructive plan."

Neither the Chamber nor its magazine, NATION'S BUSINESS, is "against Government." They are "against Government" when Government is wasteful, when Government is unnecessary, when Government engages upon things which are not in its province. They do not believe that the Government should compete with private business, nor that it should interfere with business except as such interference is needed to enforce the law and to establish justice.

The Chamber and NATION'S BUSINESS are not moved mainly by the desire to save the pocketbooks of business. Taxes are grievous burdens but no one would hesitate to pay those taxes if he felt:

1. that those taxes were for the proper functions of Government.
2. that the money would not be wastefully spent.

The National Chamber is for Government. NATION'S BUSINESS is for Government, but they are for Government

when it is doing the job it ought to do as economically as it can be done.

Government Competition



Hillside Corporation to erect in the Bronx a building of 1,581 apartments to cost in all about six millions, to rent for a maximum of \$11 a room.

On paper the plan seemed fine. Low priced apartments with playgrounds, ample light and air, employment for thousands of men and the purchase of tons of material. What better use of government funds?

But no sooner was the project made public than protests were heard from business men in the Bronx and elsewhere in New York City. "Why," they asked, "build more apartments in a community where there were already thousands of moderate priced apartments standing empty?" Why threaten by "a government subsidy" investments already made? Isn't that putting Government into business in a most unfair way?

Election and Other News



THIS is written on November 8, Election Day. My colleagues on either side of my office are asking me, "What do you think?" "Who'll be elected?" "Will the remedy have any real measurable

effect on business recovery?"

To all those questions I answer with the limited human understanding and the meager ability to interpret the news that I've painfully acquired over more than 30 years. As a matter of fact, all I can say is the lumping together of other men's guesses reported to me in the last six weeks.

Then I turn back to the morning's newspaper for a minute and read tucked away in an unimportant corner a dispatch by post from Copenhagen that says:

"Six types of human blood can be detected . . . in blood transfusion operations, Dr. Oluf Thomsen, director of Copenhagen University's Pathological Institute, has reported. Before Dr. Thomsen's discovery only four blood groups had been recognized practically."

And I say to myself that the news in that paragraph may more profoundly affect my son or my grandson than twenty pages of election returns that I will read tomorrow.

Bits of everyday Business

★ FRANCE launches the *Normandie* 73,000 tons to be the world's largest ship and uses 43 tons (no, not pounds) of suet, 2½ tons of lard and a ton of soap to grease the ways.

★ PATENTS have been granted to 16 new kinds of roses and nine for other flowers. The law now permits new plants to be patented.

★ THE *Wall Street Journal* illustrates the sluggishness of the stock market by telling of a trader who operated in 15,000 shares on one day and made a net profit of \$18.

★ DEPARTMENT stores in New York are surprised at the number of gold pieces that are offered. Indicating that there has been a run on the Sugar Bowl Bank.

★ GENERAL Electric has to import 271,000 pounds of mercury for a 25,500 horsepower mercury turbine, enough, says someone looking for a comparison, for 50,000,000 thermometers.

★ SOVIET Russia hopes to make rubber from dandelions and collects two tons of seed. Milkweed and golden rod have been tried in this country.

★ THE Fifth Avenue Presbyterian Church reduces pew rents 20 per cent as its contribution to cutting the cost of living.

★ AN advertisement in the *New York Times* of November 6 says: "Lumber Wanted Exchange Hispano-Suiza automobile. Hispano-Suiza Co., 507 West 56th."

★ THE Westcott Express Company and the New York Transfer Company merge and the reason given is: Women's clothes bulk less, hence less luggage, hence less business. "Scanties cause a merger."

★ BUSINESS goes on not "as usual" but in unusual ways in these depressed but still interesting times.

Roosevelt Talked Business

By Morris Edwards

Of the Staff of NATION'S BUSINESS

★ A SHORT time before the election Mr. Edwards had the privilege of an unhurried conversation with the President-elect. That conversation dealt almost entirely with the relation between government and business. Mr. Edwards' report of it supplies, we believe, a timely interpretation of Mr. Roosevelt's views

THREE impressions which stuck in my mind after an unhurried talk with Franklin D. Roosevelt not long before the close of the campaign take on new force in this period when business men are weighing the effects upon business of the recent change in national administration.

One is that the first concern of the President-elect is to correct what he regards as costly mistakes of governmental and business judgment which led up to the economic events of the past three years. Or, as he put it, the "main problem before us is what we, as a people, are going to do to improve our situation and to prevent a recurrence of present conditions."

As to what he believed the mistakes were, he minced no words. As to the means by which he proposed to correct

them, he was equally outspoken. A second impression is that, in dealing with particular questions affecting business, Mr. Roosevelt's instinctive preference is for a minimum of coercive action by government. Whatever the subject—control of overproduction, regulation of business, agricultural relief, avoidance of speculative excesses, or the strengthening of the banking structure—his first thought time and again was centered upon measures which business could devise and apply on its own initiative. The facts to which he attached importance and the conclusions toward which he tended were strikingly similar in many respects to those heard every day from business men. In a nutshell, his view appeared to be that government should confine its energies to strictly governmental activities, venturing into regulation of business only when business disregards the public welfare and makes restriction necessary.

New policies for fiscal work

A THIRD impression, based partly on the President-elect's remarks and partly on his work of the past year in New York State, is that he welcomes an opportunity to shake up federal policies of taxation and expenditure. Having taken the lead in trimming nearly 15 per cent from the country's largest state budget this year, and having begun an additional retrenchment of from ten to 20 per cent next year he was not greatly impressed by the results of recent federal economy efforts. Although he realizes the obstacles to effective economy legislation, he believes that reorganization of federal departments, elimination of improper activities, and the scaling down of necessary undertakings could materialize the Democratic platform pledge of a 25 per cent retrenchment.



KEYSTONE—UNDERWOOD

Mr. Roosevelt with his sons and nephew forgets campaign cares on a brief cruise. In circle, Mr. Roosevelt with his granddaughter, Anna Dall

With Me

In discussing current economic conditions, Mr. Roosevelt expanded considerably on the ideas which he subsequently put forward in public addresses.

Broadly speaking, he regarded the economic slump as no mysterious phenomenon which unexpectedly had turned up from overseas to plague the American people, but rather as a consequence of governmental policies and business actions originating within this country.

Concerning the part played by government, Mr. Roosevelt spoke positively. In crisp phrases which occasionally reflected deep seated personal feeling, he criticized the policies under which the government "became an advertising promoter for business, a function for which it never was intended;" stimulated a loan-supported foreign trade which "led to unneeded expansion of productive facilities" and then became a boomerang; permitted the impression that the State Department had "passed upon or approved" foreign securities offered for sale in the United States; influenced a Federal Reserve policy which first freed money for speculative uses, and then put the brakes on the whole business structure when that policy got out of hand; "manufactured a constant succession of official statements intended only to obscure actual conditions;" pushed tariff barriers to levels that upset international trade without compensating domestic benefits, and, finally, "contributed to the demoralization of agriculture with more easy borrowing of money, more mortgages, more crop loans and more fixed interest charges, when the obvious need was a protected domestic market for farm products in which prices might maintain some reasonable relationship to production costs."

Such governmental policies and the atmosphere of the "new economic era" in which they were conceived, he declared, "could not have failed to contribute directly to the economic collapse of 1929." In some matters, he continued, the removal of governmental barriers to economic recovery "requires only that the government refrain from repeating the mistakes which have caused such distress."

Opposes shady financial dealings

MR. ROOSEVELT also had much to say about business conduct since the War, especially in the field of finance. He took the view that "in the unreal atmosphere created by the Government's efforts to organize prosperity and to set aside economic laws by administrative manipulation," some businesses "instituted practices which ordinarily would be frowned upon even in horse trading."

Practices incident to the organization and issuance of securities, the withholding of vital facts in the advertisement of such securities for sale, the artificial manipulation of prices on securities markets, and the alleged concealment of essential information in corporate reports to the public, all came in for denunciation.

With force he decried "the opening up of speculative opportunities to people who had no business entrusting their small savings to the carrying of margin accounts;" the for-



WIDE WORLD STUDIOS

President-elect Franklin D. Roosevelt

mation of companies and the arrangement of mergers "not to transact legitimate business or to lower production or distribution costs, but primarily to facilitate the creation and sale of doubtful securities;" the concealment from the public of the "excessive commissions and staggering promotional and sales expense" loaded onto securities, and "the unscrupulous use of the holding company device to manufacture securities unsupported by equivalent physical assets or tested earning power."

Because laws were not adequate or because public officials were lax, because too many men in high business places would not speak out against bad practices, and "because the doctrine of *caveat emptor* was ruthlessly extended to dealings with those who did not know the first principles of safeguarding their own interests," he said, "a collapse was precipitated for which the whole nation has paid a tragically high price."

In substance, he said that when securities markets are frequented only by men of means and experience, they perhaps are one thing from the standpoint of the public interest. But when they are made the instruments for jeopardizing the savings of the majority of the people and, in cases of severe collapse, of threatening the solvency of banking, insurance and other fiduciary institutions, "they take on a most vital public interest. The country's economic security cannot again be jeopardized on such a large scale that a turn of the market can touch off a major national disaster."

It was when I inquired by what means he would endeavor to stop the practices which he criticized that he began to develop the points of view leading to my impression of his

reluctance to employ coercive governmental measures except as a last resort.

His denunciation of the methods of high finance softened. The emphatic, driving gestures gave way to an occasional turning of the hand. Where before he had been leaning tensely over his desk and speaking in quick phrases, he relaxed, swung back in his chair, gazed thoughtfully out the window, and spoke more deliberately.

"Freedom of economic opportunity"

"I HAVE four boys," he said, after a pause. "Naturally I think they are pretty fine. I want to see them get ahead in our American way of working to the top through their own abilities and their own efforts. I want them to do that, not simply by avoiding violation of the letter of the rules, but rather by playing the game in the broader spirit of fair play.

"I want them to have the same freedom of economic opportunity that we possess, to have the same enjoyment of success fairly won, and to bear the same penalties for their own failures and shortcomings. I should like to see the same conditions preserved for other fathers' sons who are coming up.

"Initiative, enterprise and self-reliance always have been, and in the long run must continue to be, our safest guaranty of material well-being. They should not be impaired. But they should not be abused to the point of public injury.

"So, when you ask me what I would do to correct the abuses I have described, I ask what business itself is going to do. Will the better elements in the business community, such forces as the Chamber of Commerce of the United States, responsible trade associations in the finance and utilities field, and the leaders of the legitimate investment banking business, set up standards for the issuance, promotion and sale of securities which will conserve effectively the public interest in such affairs? Business has done much to suppress commercial bribery, to discountenance rebating, and to assure the honest trade-branding of merchandise. It has helped government to enforce laws against the more flagrant forms of blue-sky stock promotion. It has aided in removing the last vestiges of respectability from the bucket shop. It has done much to promote truth in mercantile advertising.

"Can business devise and enforce effective curbs of abuses in securities transactions? The degree to which business will move in these matters necessarily is a large factor in determining how much or how little government will have to undertake to do."

In the absence of such voluntary action, however, Mr. Roosevelt left no doubt of his purpose of marshalling the forces of government to protect what, he conceives, is the public welfare. As was brought out in later speeches, he indicated that he would urge federal regulation of holding companies; the separation of commercial banking from investment banking and the curtailment of such powers of the Federal Reserve System as have led to excesses. In short he would "make every effort to prevent the issue of manufactured and unnecessary securities merely for the purpose of enriching the comparatively few people who handle their sale."

From that discussion, the President-elect developed several other points with respect to the relationships of government with business. Government, in his view, is the instrument through which the people arrive at and enforce policies by common action in the interest of the common good. Its responsibility, he indicated, is to maintain law and order, to protect person and property, to provide for the common defense, to represent national interests abroad, to safeguard the individual in the exercise of his constitutional rights, and to set up and enforce the broad rules within the bounds of which the energetic forces of individual initiative, business enterprise and competition may have free play. But, he added, such moderation in determining the scope of government presupposes—and cannot be practiced effec-

tively in the absence of—the willingness and ability of business to do its part.

Under his concept, it is the responsibility of business so to order its affairs, so to conduct its manifold activities, so to guard against excesses arising from its own policies and actions, and so to correct its own occasional lapses of responsibility to society as a whole, that it offers to government the least possible occasion and temptation to stray into business matters with which, at best, it can deal only with difficulty.

Mr. Roosevelt's opinions with respect to other business matters—such as the regulation of railroads and public utility companies—reflected much the same attitude. Paraphrasing his views, they were substantially these:

Let business be unfettered so long as it meets its responsibilities to society. Let it disregard those responsibilities and government has no alternative other than to act with vigor.

Departing from conventional terms, Mr. Roosevelt made some interesting observations on tariff policies, although the conversation did not explore the subject exhaustively. His view was that, instead of stabilizing foreign trade relationships on the basis of decreasing the quantity of goods passing each way, the country well might encourage having a reasonable and mutually profitable volume of goods passing in both directions. In substance, he asked why the country should destroy fair competitive markets here for industries which are important economic factors in other countries when, by doing so, it thus invites other nations to destroy profitable markets for the dominant industries vital to American prosperity. There was no evidence of a desire to eliminate a necessary measure of tariff protection for essential American industries. He showed some willingness to have the United States participate in efforts looking toward a scaling down of tariff and customs barriers throughout the world.

When he turned to questions of federal taxation and expenditure, he was dealing with matters close to his heart, concerning which his experience as Assistant Secretary of the Navy in the Wilson administration and his four years as Governor of New York had given him pronounced and forthright opinions. Among his associates in the state government, his grasp of the essential policies, as well as the minutest details, of state finance has caused comment and admiration, almost from the beginning of his term as Governor.

Wants lower federal costs

"I REGARD the material reduction of the cost of the Federal Government and of the taxes necessitated by that cost," he said, "as one of the first and largest contributions which government can make toward enduring economic reconstruction. And that can be done by common-sense methods."

For some minutes he discussed federal finances, analyzing this expenditure, explaining the reasons for that, expressing a doubt concerning a third item, occasionally spicing his remarks with a homely parallel taken from state affairs, and all the while reflecting a realistic grasp of the factors in and out of Congress which tend to control the amount of federal expenditure and the level of federal taxation.

He showed no hesitancy about designating the particular economies by which he believed the government's costs, exclusive of fixed charges, might be reduced by more than \$500,000,000. He appeared to favor the substantial balancing of postal expenditures with postal revenues; the adjustment of military and naval expenditures to an extent consistent with adequate national defense, with cuts in items for the maintenance of purely political army posts and navy yards; the sharp scaling down of the Departments of Agriculture and Commerce to the scope of clearing houses of information, with elimination of costly field staffs and services which duplicate state facilities, and the abolition of numerous independent offices.

"We should have large-scale retrenchment of federal expenditures," he continued, "no small part of which can

(Continued on page 56)

Mr. Roosevelt's Economic Platform



BUSINESS men are asking what effect the change in administration will have on the business situation. With a view to answering this question we print here the President-elect's program for railroads, agriculture, utilities and finance as given in his addresses

NOT since 1921 has a Democratic President sat in the White House. Now a Roosevelt, but a Democratic one, is again President. His economic beliefs are of major importance to the business men of this country. Here his views on four business subjects are brought together in his own words and from his speeches of the campaign!

Railroads

MR. ROOSEVELT proposed in an address at Salt Lake City these six things which he believes would better the railroad situation:

First—That the government announce its intention to stand back of the railroads for a specified period; its help being definitely conditioned upon acceptance by the railroads of such requirements as may in individual cases be found necessary to readjust top-heavy financial structures through appropriate scaling down of fixed charges.

Second—I propose a thorough overhauling of the federal laws affecting railroad receiverships, and indeed of all kinds of public utility receiverships. There is urgent need to eliminate a multiplicity of court actions, a maze of judicial steps, a long period of business chaos and a staggering expense allowed to lawyers, receivers, committees, etc.

Third—I advocate the regulation by the Interstate Commerce Commission of competing motor carriers. Where rail service should be supplemented with motor service to promote the public interest, the railroads should be permitted in this manner to extend their transportation facilities.

Fourth—I believe the policy of enforced competition between railroads can be carried to unnecessary lengths. For example, the Interstate Commerce Commission should be relieved of requiring competition where traffic is insufficient to support competing lines, recognizing, of course, the clear and absolute responsibility for pro-

tecting the public against any abuses of monopolistic power. Likewise, I believe the elimination of non-paying mileage should be encouraged wherever the transportation needs of the community affected can be otherwise adequately met.

Consolidation should be finished

FIFTH—Proposed consolidations of railroads, which are lawful and in the public interest, should be pressed to a conclusion. At the same time the provisions of the law should be revised in line with the policies here proposed and with repeated suggestions of the Interstate Commerce Commission and of representatives of shippers, carriers and their employees, to insure further protection of public and private interests involved.

Sixth—So-called "railroad holding companies" should be definitely put under the regulation and control of the Interstate

Commerce Commission in like manner as railroads themselves.

Utilities

SPEAKING at Portland, Oregon, on September 21, the Democratic candidate laid down this principle as to municipal ownership:



Mr. Roosevelt receives congratulations on his fiftieth birthday

"That where a community, a city, a county or a district is not satisfied with the service rendered or the rates charged by the private utility, it has the right as one of its functions of government, one of its functions of home rule, to set up, after a fair referendum has been taken, its own governmentally owned and operated service."

Then he cited the St. Lawrence, Muscle Shoals, Boulder Dam and Columbia River as "each . . . a national yardstick to prevent extortion against the public and to encourage the wider use of that servant of the people—electricity."

In the same speech Mr. Roosevelt laid down these eight points on regulation and control of utilities:

First—Full publicity as to all capital
(Continued on page 55)

Nine Other Industries



The Case for Autos

MR. PEW'S notes on the extent and inequity of the taxes levied against the petroleum industry are merely a preface to the book of complaint which the automotive industry as a whole could write on the subject of unfair taxes.

Prior to the enactment of the discriminatory revenue law of this year, the motorists of the country were not only paying gasoline taxes but, in addition, they had to dig down into their pockets for license taxes, mileage taxes, permits and a score of other levies.

The sum total of their special taxes alone was more than one billion dollars and on top of that were piled all of the general taxes which motorists, like all taxpayers, must meet.

By the time the Congress had finished its job, another \$258,000,000 (if the Treasury estimates are realized) had been added to the load.

In other words, the motor owner was called upon to pay 24 per cent of the additional taxes provided for by the law. Today one dollar in every eight collected for tax purposes in the United States is levied in special taxes against the citizen who drives a motor vehicle.

From the point of view of the motor vehicle manufacturers, this burden constitutes a continuing sales resistance at a time when we are making every effort to cut the price of our commodity to the consumer.

As a factor in employment, these taxes are serious because one man in every 11 employed in productive labor in the United States depends upon the production and use of motor vehicles for his living.

Every decrease in the sale of motor vehicles adversely and immediately affects industry, agriculture and transportation.

Looked at by the fiscal expert, these levies are harmful because they result, as Mr. Pew has pointed out, in the operation of the law of diminishing returns.

Naturally, all of us would like to see the other fellow pay our taxes but there comes a time when he can't or won't do it. The present tax law shows that point has been reached.

There is only one practical answer to this situation under present day conditions. Labor and employers alike have had to cut their budgets. Government must do likewise. The emphasis should be one of tax reduction rather than one of a search for new revenues.

That done, whatever new levies may be essential should take the form of a general manufacturer's tax which would spread the burden over all instead of unfairly singling out any one group or groups.

A. R. ERSKINE, *President,*
The Studebaker Corporation

The Case for the Taxpayers

MR. PEW fails to appreciate that his oil industry's principal consumer is the motor vehicle industry, which last year had a dole from the taxpayers—in the form of rural highway expenditures—of \$1,385,000,000 in addition to what the automobile users paid in gasoline taxes and motor vehicle fees.

Mr. Pew overlooks the fact that gasoline taxes are toll taxes. Although the oil industry collects them, they are paid by the motor vehicle user and are in no way a burden to the oil industry.

WRITING in our October number, J. Howard Pew, President of the Sun Oil Company, declared "no other industry pays more than a fraction of the taxes under which the oil industry labors." In an editorial note we asked: "Can any other industry show that it is harder hit?"

The only oil industry tax that is comparable to Mr. Pew's railroad comparison is his \$173,000,000 "property, corporate, production, income, license and other levies." For each \$100 of investment, the tax burdens compare as follows:

Mr. Pew's claims for oil industry	\$9.09
Facts for oil industry	1.73
Facts for railroads	1.62

Mr. Pew's claims that his is the most efficient of American industries should be compared with the following:

The testimony before the Federal Oil Conservation Board showed that for each five barrels of oil underground the industry wasted four barrels in getting one.

The easily avoidable waste of natural gas in money value—what it will cost to replace it—amounts to \$6,000,000 every sun-rise or \$2,364,000,000 annually. The value of this unnecessary waste of natural gas would pay more than half the cost of the United States Government, and would equal the American Legion's demands for cashing the bonus.

SAMUEL S. WYER, *Consulting Engineer,*
Beggs Building, Columbus, Ohio

The Case for Agriculture

THE OIL INDUSTRY has its tax burden, but it can still squawk. If it were forced to change places with agriculture, I fear its squawk would be but a feeble last croak of despair.

According to Mr. Pew, the petroleum industry pays a total annual tax of \$909,000,000 including the new federal tax on pipe line transportation. However, he stated that, in 1931, the tax on "property, and the corporate, production, income, license, and other levies was \$173,000,000. The balance, state gasoline taxes, the new federal taxes on gasoline and lubricants, are not paid by the petroleum industry. These taxes are assessed against the traveling public mainly for road building and maintenance purposes; and constitute a public investment that has greatly enlarged the market for petroleum products.

On the basis of this \$173,000,000 direct tax, the oil industry paid, in 1931, a tax of 1.73 per cent on its capital investment of \$10,000,000,000. In the same year, it had net earnings of \$165,000,000. Thus, the actual tax paid by the industry was 105 per cent of its net earnings.

Making a similar analysis for agriculture, using figures from the 1932 *World's Almanac*, we find that agriculture had a total investment of \$57,246,000,000 in 1930.

From the 1932 Yearbook of Agriculture, we find that agri-

Squawk About Taxes

THE number of business men who have written to us in answer to Mr. Pew shows that taxes are not so much a problem for one industry as they are for industry collectively. Perhaps the answer is not in shifting taxes but in reducing taxes

culture's gross income in 1930 was \$9,347,000,000. To produce this the cost and expenditures, including wages, fertilizer, feed, implements, and so on, was \$4,022,000,000.

To these costs must be added depreciation on the investment. Depreciation at the rate of five per cent on buildings amounts to \$647,000,000. Depreciation on the investment in implements and machinery at 12.5 per cent equals \$412,000,000. Salaries for the farmers and their families must be included. Placing this average salary at \$600 a year, we have a salary item of \$3,773,000,000.

Further, the interest on farm mortgages amounted to \$540,000,000. Based on an average interest rate of five per cent, this would be interest on a mortgage indebtedness of \$10,800,000,000, leaving a balance of \$46,446,000,000, the equity owned by agriculture.

Inasmuch as the oil industry was able, after paying all operating expenses including taxes, to pay interest on invested capital over the ten year period prior to 1930, of 2.98 per cent and 1.65 per cent in 1930, it should be reasonable to figure interest on agriculture's equity of \$46,446,000,000 at two per cent, an item of \$929,000,000. These items, without including agriculture's tax expense, total \$9,783,000,000.

The gross income of agriculture that year being \$9,347,000,000, we find agriculture had an operating LOSS in 1930 of \$436,000,000. In spite of this, agriculture is required to pay in addition a property, personal and income tax of \$777,000,000. This amount, however, does not represent agriculture's total tax. The direct taxes levied against the oil industry were unquestionably included in the price charged for gasoline and other products. Thus, agriculture helped pay the taxes of the "petroleum goose".

Agriculture is the only industry, which, due to its economic set-up and apparent inability to control production, has been unable to add to the selling price of its products any operating costs, including taxes, as all successful manufacturers do.

The tax burden is not one that can be settled by the mere shifting of this onerous burden from the shoulders of one industry to those of another. The real solution is, reduce the costs of government to a point more nearly equal to the ability of the public to pay.

D. H. KELLOGG, *Manager*
Twin Ports Cooperative Dairy Assn.,
Superior, Wisconsin

The Case for Lumber

I AM RATHER of the opinion that Mr. Pew's statements

would sound like a sweet lullaby compared to the expressions that would go up from the lumbermen if the matter of taxation of our timber resources is compared.

Here are some facts. In cases which have come to my attention, lumbermen who purchased timber 50 years in advance, or longer, with the assurance of being able to continue operations during a certain definite period which would repay the cost of investing in manufacturing plants, find themselves paying taxes 4,600 per cent higher than they paid the first year.

Timber is a natural resource. Although it can be reproduced if proper conservation measures are adopted, it should not be destroyed by reason of its being forced on an unwilling market.

All efforts to adopt a yield tax, or to readjust the taxation laws in timbered countries have failed.

A great cry went up 20 odd years ago, that forests were being depleted so rapidly that no timber would be available in 20 years. This, of course, is an absurd contention, but those who feel that timber is a valuable asset realize that a program should be adopted which would determine the amount of money that should be raised from this asset and thus perpetuate the industry.

To meet the taxes today, which are assessed regularly each year, stumpage must double in value in approximately nine years if interest is considered.

This I do not think has been the case. It certainly is not the case today, and if some means are not provided whereby the total tax levy is controlled, it would seem that this industry will be involved in disaster.

E. G. GRIGGS, *President*,
St. Paul & Tacoma Lumber Company,
Tacoma, Washington

For Lumber Again

MR. PEW gives \$909,000,000 as the appalling total of the oil industry's taxes, but of this amount \$736,000,000 is, by authority of law, collected by the industry from the public for gasoline and other consumption. Oil actually pays \$173,000,000 in taxes (including income levies) out of a gross product of more than a billion (\$1,510,000,000 in 1931, \$2,640,000,000 in 1929). But the lumber industry is paying this year about \$60,000,000 in state and local taxes out of its gross income of less than \$200,000,000. Is the oil industry handing around one-third of its true total income to the tax collector?

Being without net income the lumber industry escapes income taxes but these other taxes are necessarily paid, if at all, out of capital. Millions of dollars of assessed timber taxes are not being paid because there is nothing with which to pay them.

When taxes cannot be paid out of current net revenue they must be paid out of reserves or capital. Generally speaking, the cash reserves of the lumber industry were about exhausted by the beginning of 1932. Consequently, this year's tax bill of \$60,000,000 or \$70,000,000 must be paid out of capital.

It is literally true that so far as the lumber industry is operating at all it is doing so largely by depleting its capital, represented by its standing forests, to get cash with which to pay taxes. There is no possibility of any important reduction in the annual tax on timber, either this year or within

the next few years, for it is imbedded in the general property taxation system.

Some of our "socially minded" people are talking about a capital levy. The lumber industry has it.

THEO. M. KNAPPEN

Of the National Lumber Manufacturers Association

The Case for Radio

I FIRMLY BELIEVE that the federal tax imposed upon radio receiving sets and electric refrigerators has most definitely injured our business.

We were going along quite well until the tax was imposed. Then our business dropped off and has not recovered. Our percentage of sales as compared with a year ago showed a steady gain this year until July. Since that time we have shown a loss in volume as compared with last year.

September 26, 1932

POWEL CROSLY, JR., *President*,
The Crosley Radio Corporation,
Cincinnati

The Case for the Railroads

IN THE first place, let us analyze some of Mr. Pew's statements. Among other things he says that, "each time I have been brought into close contact with activities of other industries I have been left with the strengthened conviction that the oil business is the most efficiently operated of American industries."

This statement is subject to debate. Economic production is no longer the big problem facing industrial America, but rather profitable distribution. Accordingly, from an economic standpoint, is it fundamentally sound for a half dozen competing oil companies to have as many gasoline service stations in one or two city blocks? Would the public not be served just as well if one cooperative station handled a half dozen or more kinds of gas? Are such methods of distribution typical of the efficiency of the oil companies?

Mr. Pew lays much stress on the statement that "no other industry pays more than a fraction of the taxes under which this one labors," and then he goes on to say that on an investment of \$10,000,000,000 the oil industry will pay taxes for the fiscal year aggregating \$909,000,000, while the Class 1 railroads that have been tentatively valued by the Interstate Commerce Commission at \$21,691,000,000 will pay only \$353,000,000 in taxes.

Is this a fair comparison? I think not. Taxes are usually imposed on a basis of profits realized or volume of sales rather than on property investments.

Mr. Pew states that the earnings on investments of the oil industry for 1930 were 1.65 per cent.

During the first eight months of 1932, according to the Bureau of Railway Economics, the net operating income of the Class 1 railroads was \$152,294,615, which represented an annual return on the property investment of only 0.93 per cent. Seventy roads operated at a loss. This showing was unavoidable because gross operating revenues during that period fell off more than \$100,000,000 a month, or 28.6 per cent as compared with the corresponding period of the previous year.

The railroads are large users of lubricants and yet the concerns that supply these lubricants, instead of reciprocating by giving their entire freight business to the carriers, construct pipe lines to transport petroleum.

In this connection, possibly the most constructive move that could be made to rehabilitate the country would be for the Federal and State Governments to declare a two-year tax moratorium on railroads, beginning January 1, 1933, and thus give the carriers a fighting chance to get back on their feet. Certainly such a move would do much to restore confidence by increasing the value of railroad securities.

Another, and less radical plan, would be for taxing bodies

to abate temporarily the taxes on that portion of the capital investment represented by the roadbeds of the carriers, a thus put them on a more equal footing with motor trucks busses that now travel over highways constructed and maintained by the public.

In times like the present it is well to remember that tax-raising authorities, at their wits ends to make both ends meet, quite naturally turn toward the prosperous industries. Thus it is always the fattest goose that gets plucked.

EDWARD C. DEARDEN, *Vice President*,
Sloane-Blabon Corporation, New York

The Case Against the Sales Tax

MR. PEW evidently thinks a general sales tax would be wholly equitable, when in reality it is no more so than the hodgepodge taxes that have been laid. Take, for instance, a concern doing a business of \$100,000 annually on a small volume and wide margin of profit. Many such concerns enjoy normal markups of 33½ per cent. Our exemplar would therefore enjoy a profit of \$25,000, on which it would pay say a 2½ per cent sales tax, the equivalent of a ten per cent income tax.

Now take another concern, one doing a half million dollar business on a normal five per cent margin, and there are many of that sort too. Its normal profit would also be \$25,000 but its 2½ per cent sales tax would constitute an income tax of 50 per cent.

To be sure, theoretically both concerns would add the tax to their costs and pass it on to the consumer. But, quoting Mr. Pew, "try it once and listen to the uproar."

If the oil companies who post the tax as a separate item at the filling station and collect it thousands of times daily are impotent in this matter, where will the manufacturer of shipping boxes get off?

H. H. SQUIRE, *Advertising Manager*,
The Hinde & Dauch Paper Company,
Sandusky, Ohio

The Case for Coal

I MUST CONFESS that we are not losing so many feathers but there is one all-sufficient reason and that is that the coal industry has no feathers left to lose. We are unmercifully taxed but our taxes are not in the form that can be passed on to the customer and, as an occasional buyer of gasoline, I note that the gasoline bill always includes "Tax, — cents per gallon." We have no such fortunate system in coal which is why there are so few feathers left on the coal goose.

J. D. A. MORROW, *President*,
Pittsburgh Coal Company,
Pittsburgh, Pa.

The Case Against Oil

MR. PEW evidently forgets that the oil industry is disposing of one of our principal natural resources; he forgets that gasoline and oil in America are cheaper than the prices in all foreign countries; he forgets that all of the tax distributed has been absorbed by a patient public; and he forgets that the tabulation of oil industry profits, as computed by the New York Stock Exchange for the first six months ended June 30, 1932, shows that one particular industry to be the only one earning a very substantial net profit.

Since net profits are, in the final analysis, the real answer to an industry's well being, why is such an ill-timed piece of propaganda in your publication?

EDWIN P. SCHROYER

What's Ahead in Washington

W. M. Kiplinger Examines the Future Results of the Election

DEAR MAC:

BEFORE looking ahead we'd better look back and hold a brief election *post mortem*.

I shall not attempt to give you an analysis of the causes leading to the change of government. They are too complex; there isn't time. Besides, we are all tired of political controversy. But there are a few things that ought to be said.

It is *not* a fact that defeat is "inevitable" for the party which happens to be in power during a major depression. True, chances are against its retention. Modern peoples are very much like ancient peoples who, when drought came and crops failed, took down the idols from the wall and spanked them. True, our voters have been taught falsely that economic prosperity flows from the political policies of the party in power and are quick to attribute bad times to the government.

But the public does not always overthrow the government which has been in office during times of economic perplexity. The Hoover administration had a good chance of holding on, as can be seen by careful examination of the state-by-state election figures. The trouble is not merely that Mr. Hoover and his party happened to be *in* during the depression. The trouble is this—plus something else.

The *something else* is the faulty publicizing of the whole Hoover administration. It isn't that there was any dearth of statements, or news, or announcements. There were plenty of these. But look at it this way:

From the beginning of the Hoover administration there was a tendency on the part of most of the high officials of the administration to assume that if they attended to their work the results in due course would be good and would be appreciated by the public *as a matter of course*. There was inadequate explanation of the whys and wherefores. There was an attitude of "let us alone, don't ask us to explain, and we'll do what ought to be done for you." This attitude is possible in good times, but not in bad times.

It is a fault in the public relations policy of the defeated administration.

The White House under Mr. Hoover has had what is called a "bad press." This means that the press men as a body were not sympathetic, and many of them were openly antagonistic, regardless of whether they happened to serve Democratic or Republican papers. Now it happens that the newspaper correspondents of Washington are usually more than 51 per cent anti-administration, no matter what administration is in power. This is due partly to the professionally critical attitude of good correspondents, and partly to the prima donna habits of poor correspondents. But in the case of the Hoover administration, an overwhelming majority of Washington newspapermen have been "anti-Hoover."

There isn't any single simple explanation, but the one point easiest to see is that White House press relations have been managed clumsily. This is a technical matter, of interest mainly within Washington. It is symptomatic, however, of the general attitude prevailing within the Hoover administration on all matters having to do with the relations between the Government and the public. Too many business leaders, too many political leaders, too many private citizens who really were in sympathy with the administration's aims discovered from time to time that their affections had been alienated by real or fancied "insults." Often these came from the White House itself. Often they came from other governmental quarters. Little by little, bit by bit, there was created

the public impression that the Hoover administration was "high hat." (Lest you think this is a hindsight view, recall that I have written you the same comments repeatedly in the past two years.)

It is easy to make a case on the side of explanation and justification. The trials of public office are numerous, and the tendency among various elements of the public to "put across fast ones" on government officials is great. But it is too late to make the case. The only constructive purpose in stating the facts now is to point the moral that when our public officials permit themselves to *seem* intellectually arrogant, they weaken themselves and fall.

Hoover's Place

IT IS too early to talk much about Hoover's place in history, because current vision is warped by the hang-over of passions. Besides, the facts about this depression, especially with regard to the relation between economic influences and political actions, are not yet clear.

It is reasonable to assume, however, that Mr. Hoover will appear in history as overly criticized. It is probable that he will be given credit for honesty, sincerity and conscientiousness. It is probable historians will say that he was not sufficiently foresighted—a common fault of his times. It may appear that he did not take to heart the lessons which might have been learned from his own group studies of the causes and cures of depressions, initiated by him before he assumed the presidency. It certainly will appear that he reaped the harvest sown by preceding administrations, which were of his own party.

Roosevelt's Nature

THERE are certain things which you ought to keep in mind about Mr. Roosevelt. One is that he is personally modest. He does not think he knows it all. He does not have a mind skilled in the handling of details. His mental shelves are not overloaded with information and knowledge of multitudinous factual matters. He certainly is not nearly so well informed as Mr. Hoover. (But no one in the United States is technically so well informed as Mr. Hoover.)

Consequently Mr. Roosevelt will do more leaning, more accepting of advice, more listening, more wrangling and cajoling, more wriggling, twisting and turning, less individual personal hard work, than Mr. Hoover has done.

Whether he will make a good President is more than can be said at this stage without applying some preconceived theory, hope or bias. It is a fact, however, that men who are primarily politicians have usually made the greatest successes in the position of President of the United States. It is essentially a political job, not a general manager's job.

The modesty trait in Mr. Roosevelt will help him to select good cabinet members and to place responsibility and reliance in them. Knowing less than Mr. Hoover about *things*, he will expect his cabinet members to know more.

Roosevelt's Policies

A MERE review of the Roosevelt speeches and of the democratic platform is not an adequate guide to the policies of the democratic administration. Preelection utterances of parties and men are always full of generalities and hokum. They must be mixed with practicalities. These practicalities involve a knowledge of what is economically possible and what is politically feasible. Prominent among the political feasibilities is the point that Congress, even under party whip

and spur, often will not do what the party leaders have promised. Always remember that current governmental policies are a compromise of what the Executive wants and what the legislative is willing to vote.

Mr. Roosevelt in his speeches and the democratic party in its platform have indicated their policies. The unsophisticated voter is likely to accept these assurances literally and at par, but this is a wrong and misleading attitude. The platform and the speeches should be considered merely as indications of general direction, general principles. The specific policies, the specific acts, are always the result of many compromises.

Tariff THE Democrats will attempt no general downward revision of the tariff for two or three years—until after the emergency phases of the depression are clearly past. Their platform declaration for more moderate tariffs will merely be held in abeyance until then. They will maintain high protective tariff on agricultural products, precisely as the Republicans have done.

Actually our tariff policy is no longer a real partisan issue. It is, as has often been said, a sectional issue.

Reciprocal treaties or "deals" between the United States and other countries are advocated in the democratic platform, but Mr. Roosevelt has done no talking on the point, and no one takes it very seriously. It would take years to work out.

The Tariff Commission in due course will be reorganized once again, and made to report its recommendations to Congress, instead of to the President under the so-called flexible provisions as at present. This will strengthen the Tariff Commission rather than weaken it. The Commission will acquire prestige, and its recommendations will stand better chance of ratification by Congress, with less of the scandalous political manipulation which has been common in the past.

There probably will be new legislation against imports from depreciated currency countries.

War Debts WAR debts are to be revised. Quite as many Democrats as Republicans in Congress believe in this, not as a matter of pleasure, but as a matter of economic expediency.

(The way the debt revision issue was soft-pedalled in the campaign is one of the campaign's most humorous aspects. Both parties did it.)

It is not yet clear how the United States is going to get *tit for tat* in revising war debts downward. Reduction of armaments and trade concessions to American business are talked by leaders of both parties, but the outlook is hazy. Unfortunately, we should not expect much along either line soon.

Taxes THE federal taxation policy is not changed materially by the shift in government. There is no great difference between the two parties on tax policies. In raising taxes, in balancing the budget, it is arithmetic which controls more than party theories. The arithmetic points to the conclusion that the aggregate amount of federal taxes must be raised, rather than lowered, during the next couple of years.

A general manufacturers' sales tax probably will be adopted eventually by the Democrats. Perhaps it should be expected to take effect late in 1933, or early in 1934.

Budget THE budget for the current year ending next June 30 will be off balance by something like a billion dollars. The budget for the next year, 1934, may be a little off-balance. The first real Roosevelt budget will be for the fiscal year 1935; it will be made by the newly elected Congress, taking office after next March 4. The budget for 1935 probably will be balanced, but at present it seems almost too much to expect any earlier budget to be technically and fully balanced. This is not an especially encouraging outlook, but

it looks like a fact. Mr. Roosevelt stands for balancing the budget, of course.

Economy THE Democrats pledge a reduction of federal expenses by 25 per cent, or from four billions to three billions, and Mr. Roosevelt specifically stood on the pledge. It sounds nice, and it makes votes, and it is not impossible. But it is highly improbable, and I do not hesitate to tell you that it will not be done.

Congress this winter may lop off 300 millions of ordinary expenditures, but it will not go much further. When Mr. Roosevelt gets in he will discover that his own party men in Congress will not support the cuts which would be necessary to reduce the budget by a billion dollars.

Veterans, Bonus MR. ROOSEVELT will oppose cash payment of the bonus until the Government's budget is balanced. This means that he will oppose it during the next four years.

The bonus is not a dead issue, but the bonus will not be voted.

Curtailement of the outlays for veterans (one billion dollars, one-fourth of the budget, growing from year to year) depends absolutely on public sentiment. It will take two years to develop sufficiently strong public sentiment against veterans' expenditures to force Congress to vote to curtail them by any substantial amount. I doubt if it will be done this winter. Mr. Roosevelt dodged this issue during his campaign, as did Mr. Hoover.

Relief UNDOUBTEDLY there will be new appropriations this winter for federal aid to states and municipalities for relief. It will be the most severe winter of the whole depression.

(This is one reason why we must count on higher rather than lower federal taxes during the next few years.)

It isn't too early to begin to figure on heavy unemployment for the winter of 1933-34. We might as well prepare our minds for it. Plenty of officials in Washington talk about it privately, though none of them dares talk publicly about the prospects more than a year ahead.

Public Works MR. ROOSEVELT is a little more favorable to large programs of public works to provide employment than Mr. Hoover and the Republicans were. It looks as if the Democrats would embark on a moderate public works program, larger than at present, restrained only by the budget-balancing requirements. Emphasis will be on self-liquidating projects, financed through the Reconstruction Finance Corporation. This means bridges, tunnels, and other things which bring in revenue. There will be nothing very "wild" about the democratic public works program.

Mr. Roosevelt is strong for reforestation, and will do something about it.

R. F. C. THE Reconstruction Finance Corporation will continue to function pretty much as in the past. No one has any big ideas about changing the powers.

It will be reorganized under Mr. Roosevelt, with some different directors.

Inflation THE United States has already had a small dose of currency inflation, through the issuance of about 100 millions of new national bank notes, and this amount probably will be expanded in the next year.

I shall not burden you with technical discussions of all the possible ways in which inflation might be accomplished. It is my impression that this country will resort to no drastic inflation, such as issuing billions of dollars of new currency. The Democrats in the House voted inflation measures in the past session, with some Republican aid, but they will be more conservative in the future under administration re-

sponsibility. Mr. Roosevelt is not for drastic inflation, despite the Republican campaign claims against him.

Private Debts IF WE are not to have inflation, then we must have a scaling down of debts, both public and private. Public debt burdens must be reduced in due course by refinancing at lower interest rates. The Federal Government will tackle this as the money markets make it possible. (Credit will remain cheap indefinitely.) Private debts must be scaled down by the processes of reorganization of the financial structures of corporations, refunding at lower interest rates and perhaps lower amortization rates, refinancing, and even receiverships. In many different ways and many different situations this business of debt reduction will be under way during the next year.

The implication is, of course, that commodity prices are not expected to rise to anything like the levels of the years when the debts were incurred. The capacity to pay, therefore, does not exist.

Farm Mortgages FARM mortgages are merely one of the many classes of debts which must be reduced through refinancing. Mr. Roosevelt is in favor of this. So is Mr. Hoover. Congress will tackle the subject this winter, appropriating government funds with which to refinance delinquent farm mortgages. The volume of these in relation to the total mortgage indebtedness is not great, and the legislation will apply only to emergency cases. The problem of what to do about all farm mortgages will be left to succeeding years. Perhaps economic vision will be clearer then.

Governmental policy is quite definitely directed toward minimizing farm mortgage foreclosures.

Home Mortgages THE same comments apply to home mortgages, except that governmental machinery for taking care of these is less developed than in the case of farm mortgages. The Home Loan Bank System is just beginning to get into operation, and its influence will be slow-acting over the next few years.

Agriculture MR. ROOSEVELT believes in the voluntary domestic allotment plan for controlling crop surpluses. The object is to raise the domestic prices of agricultural products above the world price, to "make the tariff effective," without increasing domestic production. It will be put into effect by legislation to be adopted either this winter or next spring.

Agricultural products will continue to have tariff protection under Democratic policy, as in the past under Republican policy.

Banking THE key to the whole Roosevelt-Democratic policy on banking is in the pending reform bill of Senator Glass. It will be pushed vigorously, and will constitute the biggest single piece of banking legislation since the war.

It means extension of branch banking within conservative limits, divorce of security affiliates from commercial banks, stricter supervision of national banks, stricter control of Federal Reserve credit, and many other things.

Policy is headed, slowly and gradually, toward unification of our banking into one national system, toward ultimate abolition of the various state banking systems.

Mr. Roosevelt has not made up his mind about many features of banking legislation, but generally he relies upon and trusts Senator Glass.

Utilities MR. ROOSEVELT is not particularly "radical" on the subject of utilities. He believes in more regulation, mainly by states. He believes in federal regulation of holding companies, especially in their financial structures, their security issues, and their relations with operating subsidiaries. These views are not essentially different from those of other thinkers, even including the more progressive utility leaders themselves. There is nothing in the Roosevelt program which will destroy profits of utility companies, but there is much that will make profits moderate.

Mr. Roosevelt believes in government ownership, development and operation of such big projects as the St. Lawrence, Muscle Shoals, Boulder Dam and the Columbia River, and the sale to private companies of the electricity developed from them. He thinks of these government projects as clubs to enforce competition and reasonable conduct among private power companies. It is probably true that public thought has been swinging slowly in this direction.

Railroads THE Roosevelt program for railroads is conservative and reasonable. He believes in establishing a definite policy. (So does everyone.) He believes in definite commitments. He believes in ending as soon as possible the hand-to-mouth government financing, and in helping the railroads to get

their financial structures down to bed-rock. He implies that there should be some reorganizations and perhaps receiverships in 1933. He believes in regulation of motor carriers which compete with railroads. (So does everyone.) He believes in pushing along consolidations.

There's nothing startling in his ideas. The job is to put them across, to get Congress to cease dilly-dallying. It will take a couple of years to do the job.

Beer WE SHALL abolish national prohibition and we shall have beer, but the time element is still a little hazy. Chances for legalization of beer before March 4 are now rather strong, but you must always remember that a fighting dry minority can prevent final action in the Senate if it wishes to do so. Both wets and dries are now turning their attention to proposed methods of controlling the sale of liquor. A dual system of federal regulation and state sale, roughly resembling the Canadian system, is receiving serious consideration. There is no real crystallization of sentiment on this as yet, however.

Anti-trust THE Roosevelt-Democratic ideas about what to do on anti-trust laws are vague. Neither party has a program. You must look beyond party platforms.

It is perfectly clear that public and congressional thought is moving toward the legalization of trade agreements, by which trades and industries can establish certain rules to guide their own conduct, these rules to be supervised by some government agency, such as the Federal Trade Commission.

Party Similarities LET me impress on you once again that the similarities in the two parties are much more impressive than the differences. Make a list of the Roosevelt ideas and you will find that they correspond

very closely with the Hoover ideas. There is no difference in aim. There are differences in method and approach. If it were not for this four-month period between November election and March inauguration, the change in Government could occur with very little disturbance to business.

Lesson to be learned from this year: Support the proposed amendment to abolish the lame duck sessions of Congress and move up the inauguration to the first of the year.

There's no reason, in these days of radio, for a delay of nine months between nominating conventions and inauguration.

New Remedies BEFORE this winter is ended we shall see the revival of plans for government subsidy of construction operations, along the lines of the so-called Rorty plan. This provides that the Federal Government pay a bounty or a bonus to the private interests which will undertake construction operations. The amount of the bounty or bonus would be determined by competitive bidding among the prospective recipients.

Let us assume that a bridge is needed, but the financing of it is difficult at present. A contractor will agree to build it if he can get a ten per cent bonus from the Government. Another contractor will undertake it for an eight per cent bonus. The eight per cent builder gets it.

This is an overly-simplified explanation. I merely suggest that you pin the plan in your mind, because it will have much discussion a few months hence.

Business Outlook THE business outlook is better than it was six months ago, but it is not good. The credit and banking situation is "sound," and there should be no repetition of the old wave of bank failures. The danger of "going off gold" probably is past, provided we really make progress toward balancing the budget, as we probably shall.

But easy credit is not making active business.

Not much improvement can occur in the basic business situation this winter, but there is no reason to expect any deterioration. (You can draw either discouragement or encouragement from these facts, according to your mood.)

There will be a spring pick-up, of course. Whether it is more than seasonal cannot be foreseen accurately at this time.

One thing seems certain: The recovery from depression is under way, but it is very slow and will continue to be slow.

Tag Ends —EXPECT a new crop of lobbyists to come to Washington under the Democratic administration.

—There are four or five new Washington "scandal books." People eat 'em up.

—A Washington journalistic institution of great merit and growing reputation is "Editorial Research Reports," which does current research for newspaper editorial writers, giving them facts from which they can draw their own editorial conclusions.

—The Brookings Institution, Washington, has just published a new book on "Advertising Allowances," showing that in many cases these amount to price concessions and rebates.

—Expect more social disturbances this winter than ever before. Expect several marches on Washington.

—Expect railroads to continue the ten per cent wage cut, not to increase it.

—You asked who was the best Washington political broadcaster. William Hard, because he thinks clearly and talks crisply.

—Mr. Roosevelt will import quite a few intellectuals who will work with him behind the scenes in devising policies.

—The Hoover Commission's report on "Social and Economic Trends" will be coming out before long. It is the next related job following the 1929 report on "Recent Economic Changes."

NATION'S BUSINESS for December, 1932

—Expect merger of War and Navy Departments, despite opposition of both services.

—Expect Mr. Roosevelt to have trouble with some of his "radical" friends. They will want to be close to him, and he will not want them too close.

—Watch for the forthcoming reports on governmental economy from the Chamber of Commerce of the United States, National Association of Manufacturers, National Economy League, National Industrial Conference Board, and others. Watch how their programs will step on the toes of many of their constituent members. Listen to the members' room.

—Expect many corporation reorganizations next year.

—Expect stiffer business competition progressively for next few years. Inefficient units never were being weeded out faster than at present.

—There seems to be no doubt that the Socialist party will become a real party in the United States within the next decade. It is inevitable, however, that the party will develop as many internal frictions as those within the Democratic and Republican parties.

—Bureau of Foreign and Domestic Commerce is due for reorganization under the Democratic régime. It contains dead wood, both in personnel and in functions. The Bureau's foreign service is quite efficient, but lacks proper expense money; this economy makes waste.

—Expect a satisfactory degree of cooperation between Democrats and Republicans in this winter's Congress.

—Mr. Hoover is temperamentally not a "good sport," but he is rational enough to play ball and not sulk.

—Installation of Democratic postmasters to replace Republican postmasters means practically nothing in the running of the postal service. The service could run about as well without postmasters.

—The way large mail users have switched from three-cent first class postage to 1½-cent third class postage is a good joke on our Government. Three cents on letters produces a little more revenue than two cents, but not 50 per cent more.

—Glass and McAdoo will make a Senate team on legislation for the purging of our financial system of many crooked practices.

—One of Mr. Hoover's troubles was that when he went into office he had an excess of friends who subsequently turned against him because he could not take advice from all of them; this applied particularly to the host of business leaders. Mr. Roosevelt will have something of the same difficulty, except that his excess of friends are mainly in the political realm.

—The Department of the Interior is sadly in need of reorganization. Perhaps the Democrats will lift it out of its fossilization.

—The American Government was smart in appointing private citizens instead of public officials to head its delegation to work up subject matter for the International Economic Conference. As private citizens they had elbow room and were not cramped by the various complicated "positions" of our Government.

—One reason why farmers don't get more "relief" is that they will not agree among themselves on any single program, and their political influence is split among three national organizations—Farm Bureau, Grange, Farmers Union.

—More and more persons are accepting the view that one cause of the depression was inequitable distribution of the current profits of industry—too much into dividends, too little into wages, thus too little into consumer purchasing power.

Sincerely yours,

Wm. F. Anger

The Railroad Has New Things to Sell

By L. C. PROBERT

Vice President, Pere Marquette Railway

ALTHOUGH the railroads have nothing to sell but transportation, they have not let this fact prevent them from engaging in the progressive modern practice of "dressing up the product." As a result of their efforts, a train ride today is a far different experience from what it was a few years ago

ONE OF OUR great industrialists with a reputation as a humorist recently poked some fun at the railroads.

"The only new thing they have done in the last 50 years," he wrote, "has been to put in a slot for used safety razor blades."

A lot of people got a laugh out of that, because there is, among many, a subconscious notion that the railroads are an unprogressive, backward lot, hoping to live on their accomplishments, and expecting some kind of paternal protection from the Government against their modern, rising competitors, instead of being a forward-looking, outstepping bunch, expecting to meet new conditions and new competition as they appear, and win if they can.

It should be remembered at the outset that the railroads asked for no paternal protection—it was handed to them—and that most of the fatherly protection has turned out to be stepfatherly "don'ts."

Any discussion of the railroad question, if it is to lead anywhere, must start on sound premises. The premises in this case are that the railroad doesn't ask to be protected against any kind of competition. It merely asks the opportunity to meet competition with everybody on all fours.

If it turns out that, given equal opportunity in competition, other agencies can transport passengers and freight with greater convenience and benefit to travel and industry—then that is going to be just too bad for the railroad, and nothing can be done about it. Progress is progress. America has been raised and has grown great on it and no men or set of men will ever be able to stop it in their own interest.

But no railroad man believes that it is going to be just too bad for the railroads or that within our time, or for some time thereafter, the railroads are going to cease to be the backbone of our transportation system, both for purposes of business and for national defense.

There has been progress, outstanding and real, on the railroad every year since the lines came back from Government control after the war. It has been so real and has been accomplished with so little ballyhoo that much of the public has accepted it as a matter of course. It has not been as swift as progress in private business, because progress necessarily travels slowly in any business which has too many masters. This is particularly true when each of those masters



WILLIAM RITTAGE

A gasoline train developed by the Chesapeake & Ohio for use in short haul passenger service

has taken unto himself some of the functions of management, without assuming the corresponding responsibilities.

If you were to tell a merchant on the south side of Main Street:

There is too much regulation

"I AM going to prescribe what you shall charge for your goods, but I'm not going to have anything to do with what you have to pay for your raw materials; and on the north side of the street I'm going to encourage to compete with you, a fellow who will have no rent to pay; who will have special concessions on his taxes and, in some cases, will be charged no interest on his investment. I'm not going to regulate what he charges for his goods—he can cut your throat if he wants to—and he will be free to do any of the things which will get for you a reservation with the warden of the Leavenworth Penitentiary."

If you said that to the merchant on the south side of the street he would probably promptly go into a fit. The railroad is the merchant on the south side of Main Street who is sometimes blamed for not being progressive.

Now let's see what progress the railroad has been making in spite of its fetters. Most folks think of railroads in terms

of passenger trains, but let's look first at the freights which are the real arteries carrying the lifeblood of our business.

Everybody remembers when freight trains ran any old time. A merchant ordered his goods and waited. Nobody could tell him when they might arrive. Today freight trains run on regular schedules like passenger trains. I know of merchants in Jamestown, N. Y., for instance, who buy supplies in New York today. The packages are taken through the Holland Tunnels to the Erie Railroad terminals in Jersey City the same afternoon, and are delivered in the Jamestown freight house the next day, about the same time the buyer himself gets home. Every business man knows what that means.

It is not unusual for a Chicago merchant to place an order in New York on Wednesday and have the goods on retail display in Chicago by Monday. Railroads will take freight in New York up to four o'clock in the afternoon and have it in Buffalo the next morning. The Maine Bullet, a freight train, starts in Portland at 6 p.m. and steams into New York at eight o'clock next morning. Often the freight arrives ahead of the letters referring to it.

Is that progress, or isn't it? Many of us remember that during the war, with the railroads under Government operation, it often took a letter two days to go from Washington to Baltimore, and mail contractors actually went broke keeping mail trucks waiting for trains.

Freight is not only moved more rapidly but more carefully. The freight trains of 1932 moved 44 per cent faster than the freight trains of 1920; the transportation service performed in a single hour was 48 per cent greater. Freight damage claims decreased 58 per cent between 1920 to 1931, and the railroads actually paid out 80 per cent less money for freight damage claims in 1931 than they did in 1920. The claimant got his money more quickly, too. The record of 1931 showed 74 per cent decrease in loss and damage claims unsettled at the end of the year as compare with 1920.

Remember that a railroad has no money except what it collects from the travelling and shipping public for services rendered. The railroad manager is no Aladdin and he possesses no magic lamp. He has had to keep his head above water and keep the railroads running by cutting costs. I don't mean slaughtering expenses; I mean finding more ways to give more to the public for its money and at the same time getting more out of the dollar spent for operations. What is the record there?

Saving coal

IN the passenger service alone, railroad coal consumption in 1931 was 7,000,000 tons less than in 1920. That is a saving of more than \$15,000,000, made possible by efficiency, more intelligent use and scientific locomotive improvements. By the same measures and comparisons the railroads saved half a billion dollars in the coal bill for moving freight trains. Under the spur of progress, it took 30 per cent less coal to move a thousand tons of freight a mile in 1931 than it did in 1920. It took 23 per cent less fuel to move a passenger car a mile. One could recount almost indefinitely how the railroads

have increased efficiency. But the slots for the safety razor blades are to be found in the passenger cars; not in the freight cars. Let's look at the former. All over the United States, as you read these lines, hundreds of trains are moving toward junction points where, with comparatively few exceptions, they will meet on time. Cars with passengers in them are being shifted about and folks are going on to their destinations without even knowing they have changed from one railroad to another.

More comfort for travellers

DO you remember when railroad stations were filled with long rows of benches populated with people waiting for "connections"? You don't see that now. New passenger stations have less and less accommodations for "waiting." They simply aren't needed.

Until a few years ago, unless a traveller chose a luxurious train requiring an extra fare, he either climbed into a berth, or shared a stiff backed seat in a day coach and bathed in smoke, grime and cinders while he inhaled the regaling odors of banana skins and peanut shells. There is scarcely a through train in the United States today which does not have a lounge car with easy chairs, the latest magazines and newspapers. Some even have radio.

The New York Central and the Pennsylvania recently abolished extra fares on every train but one on each road. Moreover those two railroads placed cars for travellers not desiring Pullman accommodations on every train except their 18-hour flyers between New York and Chicago. On some railroads no extra fare is charged on the very best trains.

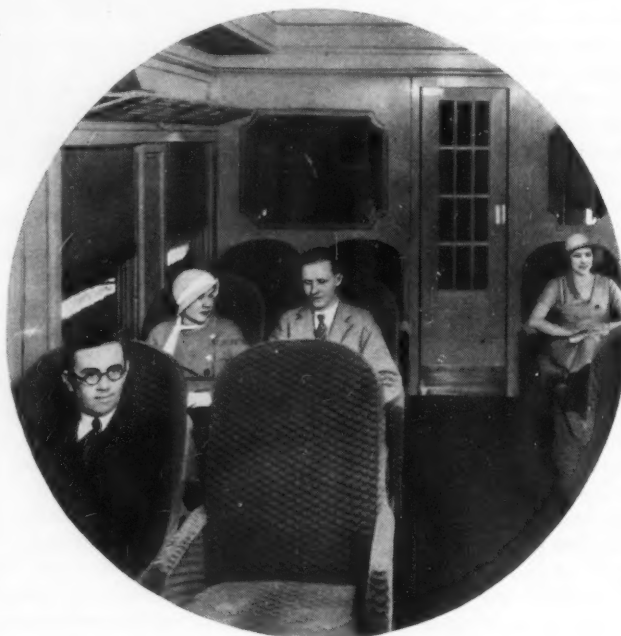
The George Washington of the Chesapeake and Ohio Lines, the newest of the air-conditioned long distance sleeping car trains, is an example. No extra fare is charged for all the extra comforts and conveniences imaginable. Once the most desirable of trains on most railroads were "All Pullman." An ordinary railroad ticket was good on almost everything but a passenger train. Not so today.

The real outstanding forward step in the improvement of passenger equipment started on the Erie Railroad in 1927 under the presidency of John J. Bernet. "Deluxe" coaches, with divided seats something on the order of the "bucket" seat popularized in buses had appeared earlier to be sure, but Bernet went further. He put on a lounge car for coach passengers—no Pullman ticket required. He carpeted his coaches from sill to sill instead of running a strip up the aisle. And he brushed up his help and taught them to say "Thank You."

The public liked a taste of that and when Bernet a little later became president

of the Chesapeake and Ohio, he laid before O. P. and M. J. Van Sweringen a far reaching plan, which they thoroughly approved, and on which they gave him a free hand.

An ordinary day coach which used to be arranged to seat from 72 to 88 passengers became a tastefully decorated and invitingly furnished room with individual chairs for 45



There are no smoke, cinders or banana skins in the new day coach

people. Everybody got an individual reading lamp and a table on which to write or play games. The women got a lounging room for themselves and the babies. There were velvet carpets, footstools, porcelain lavatory fixtures, all for the price of only the regular railroad ticket. Folks actually had to be taught that it was for them.

The newest development in passenger travel is air conditioning. I am not speaking of the temporary expedient of blowing some iced air into a car through a window for a little while before it starts its journey. I am speaking of the genuine air conditioning systems, adapted from, and really reduced sizes of the plants which are used to cool and condition the air in theatres, public buildings and homes.



Luxuriously furnished lounging rooms add comfort to a journey on C. & O.'s new "George Washington"



The newest development in passenger travel is air conditioning of cars

Installed on passenger trains, they condition the air in every car, all the time, all the way.

The earliest of these weighed half as much as the car itself and were so expensive as to be prohibitive. But progress had its way, and they are now light enough to be practical, and the public response to their use seems to promise that they will not be too expensive. Several railroads spent their own money in connection with the air conditioning industry to perfect this improvement. The Baltimore & Ohio notably did a great deal of pioneering and contributed much to the development. It was the first railroad to run a whole train fully air conditioned. That was a train of chair cars and coaches on the 225 mile run between New York and Washington.

Dining cars had been so equipped in some other railroads but never a whole train. A year later the Baltimore & Ohio extended air conditioning equipment to its Capitol Limited and its National Limited.

What has been acclaimed as 1932's prize exhibition of showmanship, salesmanship and progress in passenger travel was the Chesapeake and Ohio's creation of The George Washington, that railroad's long distance, air conditioned sleeping car train running from Washington to Cincinnati, Louisville, Indianapolis, Chicago and St. Louis. The Chesapeake and Ohio created it as its contribution to the Two Hundredth Anniversary of the birth of George Washington and set out to do things the railroad world had never dreamed of.

Pleasant cars to travel in

THE cars were named after persons, places and events associated with the life of Washington; historical pictures were hung on the walls; drawing rooms and compartments were named after Washington's contemporaries of the revolutionary era. Its furnishings were designed on the colonial order.

A passenger almost goes to sleep in a four-poster bed. Dining cars became "Taverns"; their floors were covered with Colonial rugs; walls were hung with original Currier & Ives prints of scenes in the life of Washington. And the charm of the colonial reproductions vies with modern radio and air conditioning.

Faster, cleaner, and more comfortable trains are the order of today on every railroad of any importance and there is notable improvement in the "convenience" element of their schedules.

Real progress is being made in substituting gasoline, Diesel, or gas-electric motive power where the expense of steam locomotive operation is not warranted by the traffic. The Chesapeake and Ohio has several such operations. In large terminal areas, electrification, of course, has abolished smoke and noise.

A lot of new things have been put on trains since Pullman put in the slot for the safety razor blades. But one has to ride on trains to know about them.

Developments in Distribution

DIRECT house-to-house selling is helping several stores to keep merchandise moving. Both regular and part-time store people are utilized, handling merchandise adapted to this type of selling and calling on their friends and others. One young haberdashery salesman, furloughed three days each week, used his idle time to "peddle" shirts, ties, socks, making sales on a commission basis.

A CALIFORNIA electric appliance dealer ordered a carload of washing machines, loaded two large trucks with them, started each truck out on a Monday morning with a crew of six men. The crews canvassed each house, did the Monday washings, sold the machines right off the trucks for small down payments. In 20 days 114 machines were sold.

RETAILERS' organizations in two Minnesota towns have cut members' overheads through cooperative delivery services. Pick up and delivery is made over regular routes, on strict time schedules. Two deliveries are made in the morning, two in the afternoon, and an evening delivery on eves of holidays. The delivery service assumes responsibility for C.O.D. orders.

A NEW high-hat delivery system is introduced by Dobbs, Fifth Avenue hatter, in the shape of "the dashing Dobbs coach," to which are hitched two dashing Dobbins.

AIR express is becoming increasingly important in distribution. Retailers who carry minimum stocks find that they can get overnight deliveries from manufacturers as far distant as 1,200 miles. Package express and air mail out of the wholesale and manufacturing districts of Chicago, New York and Philadelphia showed a 35 per cent increase in a 60-day period, United Air Lines reported recently. The clothing industry was a principal contributor.

THE Washington branch of a New York millinery house leans heavily on this aerial service. Patrons may select a model, have it delivered to them from New York some three hours later.

AERIAL transportation has also been enlisted by the Master Electric Company as a business aid. Prospects located by the sales force are flown to the factory in the Company's own plane. Inspection trips through the plant, lunch and a talk with President E. P. Larsh follow. Prospects are flown back to their home cities before dark. By bringing them to the plant the sales message is intensified, service facilities and

★ **BUSINESS** is rarely dull for the resourceful business man. In a thousand towns, in a thousand lines, he is at work devising new ways to attract customers, tearing at barriers to trade, sensing and filling new needs

manufacturing methods are effectively demonstrated. Costs aren't great.

A STORE in Dayton, another in Schenectady, transmit orders to employees and announcements to customers *via* loudspeaking systems. A Newark store throws running announcements of prices and styles on a prominently placed ticker screen.

A DETROIT department store filled a floor with slow sellers, floor samples, broken assortments, left-overs, soiled and damaged goods, put them on sale as "undesirables—undesirables for us to keep but desirable bargains for you." Came the crowds, and next day this bannered query in the store's ad, "Is Our Face Red?" followed by a confession to embarrassment that a sale of self-styled "undesirables" had succeeded so well.

TWO objectives in distribution are faster turnover, a shortened period between production and consumption. A New York restaurant chain performs the notable feat of achieving both ends by one means. It's serving three thick wheat cakes to an order instead of the former five thin ones.

A PLEASANT word for its products is put in at a pleasant moment by the B. F. Goodrich Company. Recipients of checks from the Company find the query, "Do you use Goodrich products?" outlined in red across the faces.

GOOD-WILL builders:

A Chattanooga store on rainy days lends umbrellas free to all who desire them. A small deposit insures their return.

A Vancouver store held open house for two hours one evening, had 48,000 visitors. Strictly a fun fest, nothing was sold, nor even priced. Orchestra, special events, demonstrations provided entertainment. Cost was \$155.

A North Dakota store held a "Quilt Fair," offering prizes for the best modern, most outstanding old, most original quilts, etc. Prize for the quilt made of the most pieces was awarded one containing 6,906. The display, scheduled for one week, had to be extended to three.

AN EASTERN utility company and sev-

eral leading department stores are trying a new cooperative plan in merchandising electrical appliances. The utility provides a skilled sales crew, under its own sales supervisor, which follows up leads furnished at all times.

A BOSTON store has inaugurated a complete bridal service through which every wedding requirement, from invitations to wardrobe, may be had. Advice on decorations, music, travel plans, etc., is also provided, through a woman especially retained. Her residence has been fitted as a model for newlyweds and both her home and services are open to the store's customers.

A PHILADELPHIA clothing store offers to turn out a well-dressed man for \$50—starting from scratch. The outfit is neat, complete, includes underwear, garters, socks, shoes, shirt, necktie, three-piece suit, belt or suspenders, hat, pipe and cane.

"SO YOU'RE expecting a 'Blessed Event'!" a San Francisco shop captioned its layette advertising. "Dear dear, how nice! But you're not taking us unaware . . . not by a long sight, because we've been expecting something of the sort all the time!" Selling copy follows.

A MONTH-long "two-cent sale" on blanket laundering was staged by a New Jersey laundry recently. One double wool covering was done for \$1.00; two for \$1.02. One single cotton was laundered for 30 cents; two for 32.

A NEW Mexico ice company is going into the frozen food business experimentally. On its own wagon routes and through a number of retail stores it is selling frozen oysters, fish, shrimp and frozen orange, tomato, cantaloupe and grape juices.

MEAT markets should get a slice of the Christmas shopping, too, think certain members of the meat trade. In order to encourage the giving of hams and bacon as holiday gifts, parchment wrappings printed in holiday designs and colors have been developed.

—PAUL H. HAYWARD

No Business Can Escape Change

★ **IT IS good business to keep abreast of new products and new processes. Repeatedly we have seen old machines and old processes supplanted, whole industries changed by new developments. Changes come even more swiftly today, and must be reckoned with continuously**

GLASS building brick, plain or colored, have now reached a practical stage. Used in industrial and other buildings they permit infiltration of light, offer unusual effects. . . .

CONCRETE construction is aided by a new pump which delivers concrete to the forms through a pipe line. It will pump concrete 500 feet horizontally, 72 feet vertically. . . .

AN AIR-OPERATED hand tool has been developed for grinding, smoothing concrete walls. It's said to reduce costs. . . .

A NEW machine for cleaning slag from open-hearth furnace brick, mortar from building brick, does its work by tapping the brick (400,000 times a minute) rather than grinding. . . .

A NEW cream offers protection to workers' hands. Rubbed in, it forms a film which is said to be impenetrable by paint, oil, grease, dirt, even battery acid. It is easily removed by water. . . .

NAILS are given increased holding power in wood by a new chemical process. The treatment produces a microscopic pitting or etching in their surfaces. . . .

A NEW fitting for copper tubing ends guesswork in soldering. It bears a color band which turns black when the proper temperature for correct soldering reaction is reached. . . .

A NEW easily cleaned, midget showerhead—2.5 inches in diameter—is said to throw as wide a stream as the conventional head, yet to use only half as much water. . . .

A DRESSING table with electrical outlets, a plate-glass mirror, and a lavatory of unique design are combined in a new furniture unit for bedrooms, dressing rooms, etc. . . .

OVERFLOWS are prevented in a new flush-valve toilet which automatically halts water flow when clogged. Another new fixture combines closet and tank in one piece of china. . . .

VENTILATION is improved, outside noises are muffled, dirt, drafts, rain and snow are excluded by a new detachable, non-mechanical appliance for double-hung windows. . . .

TRAWLERS and other small craft at sea can now call or be called on any telephone ashore. Lower-priced equipment, requiring no technically trained operator, makes it possible. . . .

REVERSING squirrel cage motors now on the market are

said to make as many as 60 reversals per minute continuously without overheating. . . .

A NEW electric sharpener for double-edge razor blades has a motor which starts when lid is closed, stops when blade is sharp. It is not yet on general market. . . .

MOVING parts, electric contacts, radio interference are eliminated in a new type of control for sign lighting, etc. It permits time delays of from one-tenth to five seconds. . . .

A NEW synthetic transformer oil compares with mineral oil as an insulating and cooling medium, is nonexplosive and non-inflammable. Apparatus must be designed especially for it. . . .

THE salesman's load is lightened by a new pocket projector which permits visual presentations of the sales story through film-slides. It weighs only 20 ounces. . . .

THE handle of a new car-washing brush attaches to the garden hose. Its center ring of bristles is revolved by the flow of water; an outer ring aids cleaning, prevents splashing. . . .

SUPER-BALLOON tires have been developed which make farm tractors all-purpose machines. The tires are said not to injure ground surfaces, to increase operating speeds and draw-bar pull. . . .

A NEW waterproof carrying case for a quart flask is equipped with a slide fastener, can also be used for carrying golf balls (two doz.), bathing suit, lunch, etc. . . .

SHIPPING weights and costs are reduced by a new heavy paper shipping bag. A special table equipped with adjustable forms has been developed to facilitate packing the bags. . . .

A NEW paper for wrapping green hams and bellies for cold storage is said to prevent freezer burns, is moisture-proof, air-proof, insoluble in water. . . .

A NEW gasketing material for oil, water or gasoline joints combines granulated cork with tough paper fiber. It is said to be strong, resilient, noncracking, easily cut. . . .

A NEW gum compound for permanently sealing manufactured, natural or liquefied gas joints is on the market. It is said never to shrink, dry, crack or leak. . . .

A WEIGHING device has been perfected for measuring changes in physical properties of materials. It shows increases or decreases in elasticity, specific gravity, and moisture, also the percentage of volatiles which can be driven out. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this and the preceding page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing us.

Canada Likes the Sales Tax

By FLOYD S. CHALMERS

Editor, the Financial Post, Toronto, Canada

CARTOONS BY CHARLES DUNN

TODAY the United States looks across to Canada to observe how the sales tax works. But Canada adopted the tax largely because of the publicity it was given by Americans. Not that the sales tax is an American, or even a modern, idea. Sir William Petty suggested it in 1667 and the discussion has been almost continuous ever since. The arguments haven't changed much in 265 years.

After the Great War, business men in the United States sought relief from excess profits taxation. They sensed the need of offering a substitute and the sales tax was suggested. The business press broke out in a rash of sales tax articles. Men like Meyer D. Rothschild and Jules Bache published pamphlets and letters. The enthusiasm overflowed into Canada. Sir Edmund Walker, leading banker, campaigned for the tax. In the meantime Uncle Sam's revenue problems solved themselves, so the United States rejected the tax; Canada took it up.

Canada has had a sales tax since 1920. It was the first country to adopt a general sales tax, payable by the primary manufacturer, payable only once in each series of transactions and ultimately charged to the consumer.

The sales tax has many friends in the Canadian business community. This became apparent in the spring of 1931 when the Prime Minister, Mr. Bennett, was reported to be considering a turnover tax. His mail began to bulge with letters of protest from manufacturers, wholesalers, retailers. They wanted no turnover tax, they wanted no increase in personal or corporation income tax. If higher revenues were essential they preferred an increase in the sales tax.

One large Toronto importer and wholesaler expressed this opinion:

It cannot be too strongly affirmed that, as a means of raising additional revenue, the sales tax is the way out rather than a turnover tax. The matter has been under discussion by various boards and associations and the conclusion reached, in every instance, is in favor of the sales tax.



Both parties may be regarded as having accepted the sales tax in the Dominion

CANADA has had 12 years experience with the sales tax. Recently when a move to substitute another levy was rumored, business men rose as champions of the sales tax. The reasons for this and what Canada has learned about this levy are told here

This view was undoubtedly very widely held. A leading Canadian business paper said at about the same time:

The income tax has been proven to be a definite brake on business expansion and should not be increased. Eventually we shall have to resume the process of steadily reducing it out of existence. The sales tax, on the other hand, has worked well in Canada. It is popular with business men as a whole and it is not unpopular with the general consuming public.

The Government dropped the idea of a turnover tax, raised the one per cent sales tax to four per cent; raised

it again in 1932 to six per cent. There has been plenty of public protest against high taxation in Canada; little specific protest against a six per cent sales tax.

In the immediate post-war years, when the sales tax and the turnover tax were discussed as possible ways of raising money to pay for the War, business men and writers made little distinction between the two. Today the distinction is recognized.

Sales tax is passed on

THE sales tax, reduced to its simplest form, is a tax collected by manufacturer or importer and absorbed or concealed in the final purchase price paid by the consumer. The turnover tax is a tax paid by each seller in the chain of distribution. The sales tax is passed on. The turnover tax can less easily be passed on.

The sales tax is paid only once on any article. The turnover tax would be paid many times and would be a great help to the factory-to-consumer or chain store merchandisers and a burden on the manufacturer-to-jobber-to-corner-store merchandisers.

The sales tax brings the Government in contact with a minimum of business firms. The turnover tax would tremendously increase the tax collecting problem.

Germany imposed a turnover tax in 1918. France followed in 1920. Canada originated the general sales tax in 1920 and was followed by Belgium in 1921. That was how sales taxes and turnover taxes started. Other countries had previously taxed specific articles.

The sales tax has grown from an experimental tax to a probably permanent feature of Canadian federal taxation.

It was initially a one per cent tax paid by manufacturers and wholesalers, and by retailers and consumers on their imports.



Then someone discovered that this plan gave an advantage to the manufacturer who sold direct. Wholesalers protested. Within a month the tax was changed.

Collections made easier

UNDER the new arrangement sales direct from manufacturer to retailer paid a two per cent tax. When the manufacturer sold to a wholesaler who, in turn, sold to a retailer, two collections were made. The sale from manufacturer to wholesaler was taxed one per cent. The sale from wholesaler to retailer was also taxed one per cent.

A Conservative Government imposed the tax. It was shortly replaced in office by a Liberal Government which not only continued the tax but expanded it. Thus both parties may be regarded as having accepted the sales tax in Canada.

Endless confusion existed in business during the first few years the tax was in effect. This was largely overcome by the device of charging the tax only once, having it collected by the manufacturer or importer and passed on to his own customer. This reduced the number of unofficial collectors, simplified the business and governmental machinery and, incidentally, insured the concealment of the tax in the final retail selling price of the goods.

In time, smooth working collection machinery was set up that has been reported by United States Government investigators as the model that should be adopted by the United States if it decides to impose the tax.

The tax reached a peak of six per cent in 1924. From then on it was reduced one per cent a year until it was only one per cent in 1930. Then came the depression and the tax went up in 1931 to three per cent, and, early in 1932, to six per cent.

Certain classes of merchandise pay only half of the tax and a few lines, mostly foodstuffs, are entirely exempt.

What has the tax brought in? Here is the record:

Year ended March 31	Sales Tax Revenue	Base rate
1921	38 million	2%*
1922	62 "	3%*
1923	91 "	4½%*
1924	101 "	6%
1925	67 "	5%
1926	74 "	5%
1927	82 "	5%
1928	72 "	4%
1929	64 "	3%
1930	45 "	2%
1931	21 "	1%
1932	41 "	4%
1933		6%

*Total of two taxes charged to manufacturer and wholesaler. From 1924 charged once only.



Canada's collection machinery has been suggested as a model for the United States

It will be observed that, generally speaking, the revenue from the tax rises and falls in close agreement with the rate of the tax. But a three per cent tax in 1928-1929 produced \$64,000,000 which is more than the estimated return from the six per cent tax this year. Like all other taxes, the sales tax cannot produce more revenue than trade will permit. It is anything but a depression-proof tax.

A tax imposed on an exactly similar basis would probably return about 12 times as much revenue in the United States.

How is the tax administered in Canada and what system is used to assure that the same goods shall not be taxed twice?

We have seen that the tax is primarily a manufacturers' and importers' tax but that the manufacturers and importers are merely branch offices of the Federal Treasury, collecting the tax from their own customers.

Tax is shown on invoice

THE tax is usually imposed when the goods are finally sold to the retailer. It is six per cent on the invoice price after all other charges have been computed including any customs or excise taxes that may be payable.

The manufacturer, importer or wholesaler shows it on his invoice. Each month he files a return to the Government showing his total taxable sales and the amount of tax he has charged. He encloses his certified check for the amount.

In the case of imported goods, the tax is collected along with the customs duties and is calculated on the duty-paid value of the goods when they are billed

out of the customs warehouse.

A system of licensing prevents pyramiding or duplication of the tax. All those who collect the tax when they sell goods take out sales tax licenses. When one licensed taxpayer sells to another licensed taxpayer no tax is charged. Thus it is possible for a manufacturer to buy raw materials or partly finished goods from a licensed manufacturer and to be charged no tax on them. But when the last licensed taxpayer sells to an unlicensed purchaser, who will in most cases be the retail merchant, the tax is then imposed. Thus there is never more than one imposition of the tax on any chain of sales of the same article or its constituent parts.

Naturally there is room for many differences of opinion between the Government and different classes of producers in the collection of the tax. But most of the possible sources of friction have been removed by the development of an intricate and all embracing series of regulations which are familiar to excise officials and business men alike. Further to insure sympathetic understanding between business men and tax collectors, the Government recently appointed as Commissioner of Excise, Hugh D. Scully, a former secretary of the potent Canadian Manufacturers Association, who has also had some years of experience in industrial selling and in investment banking.

Who pays the tax? Obviously, in most cases, it is paid by the ultimate consumer. It is collected by one person, charged to another and finally passed on to a third. By the time the ultimate consumer pays it has grown somewhat.

(Continued on page 48)



Canada believes her present plan the least of a number of evils

Our Effort to Balance the Budget



A STUDY of the actual results of the new taxes as compared to anticipations at the time they were adopted

AWARE that the government is living beyond its income, but not sure by just how much, Congress will have to decide in the course of the short session whether to change existing tax laws or let them alone.

Newspapers in early June made much of the measures voted by Congress to balance the budget, exclusive of principal payments on the national debt, for the 1933 fiscal year beginning July 1, 1932. These measures provided \$1,118,000,000 of new and additional taxes and increased postal rates, and established between \$150,000,000 and \$250,000,000—the amount never was indicated clearly—of economies other than those already effected in the regular appropriation bills.

This legislation received more than ordinary notice because the country was nervous about the Government's finances. The country's sigh of relief was almost audible.

Although the hope in midsummer was that the 1933 budget had been balanced, Congress will be plagued in December with the evidence that this hope, at least to date, has not been realized.

What has happened is clear enough. When the first quarter ended September 30, the deficit was \$403,000,000. By the end of October, it was \$630,000,000.

The chief difficulty seems to be that additional revenues are falling short of the \$1,118,000,000 estimate. Expenditures have not departed materially from the original plans.

As was anticipated when the new taxes were voted, there was a lag in collections. The piling up of stocks of tax-free merchandise cut deeply into the yield of the new sales taxes during July and August. Collections from these sources, however, picked up reassuringly in September. None of the \$300,000,000 which the additional income taxes were scheduled to produce becomes available until after 1932 income tax returns are filed next March 15. Since a year is allowed for the payment of estate taxes, little or no new revenue from this source is likely before next summer. One of the sharpest disappointments has been the failure of increased postal rates to yield more.

Estimated to produce an additional \$160,000,000 over the year, they yielded

in four months little more than \$25,000,000.

That is substantially the picture which Congress will face. It will have before it another month or two of experience under the new excise taxes. On December 15 it will learn whether the Government will receive the \$265,000,000 relied upon from payments by foreign debtors. These payments will be a large factor in determining the year-end deficit.

Smaller deficit this year

WHAT the deficit will be for the whole year is uncertain. Simple mathematics suggests that a deficit of \$630,000,000 at the end of October will have grown to more than \$1,800,000,000 by next June 30. Few people, however, consider the simple mathematics reliable, but anyone is entitled to his guess about the factors which would alter that result.

For one thing, the four-months' expenditures included a full year's provision, \$100,000,000, for the adjusted service certificate fund. That distorted the whole year's picture by from \$50,000,000 to \$75,000,000. The rapidly increasing yield from the excise taxes also may be expected to cut substantially into the impending deficit. Another possibility is that some of the additional \$300,000,000 from the income tax will be realized March 15. As the evidence piles up, however, that taxable incomes of 1932 are much smaller than those of 1931, the improvement hoped for from this source seems unlikely. There will come into play here that streak of human cussedness which makes people overpay taxes under low rates but claim every dime of lawful exemption when the rates are high or when the notion is abroad that taxes are too heavy anyhow.

Rounding up these factors, the expectation seems to be for a year's deficit on current operations—exclusive of payments on debt principal—far less than the \$2,800,000,000 rolled up last year, and perhaps not a great deal more than the \$900,000,000 of two years ago. Relatively, that may be encouraging, but a deficit hovering near the billion dollar mark scarcely can be waved aside. All these calculations rest on the hazardous assumption that no large additional emergency expenditures will be voted.

Several threats on this score will have to be met. The first is the deficiency bill. Some of the departments and bureaus which were cut sharply last spring have not yet made the adjustments required. They have been banking on their ability to get deficiency appropriations. That will be the first—and one of the most high-pressure—assaults that a "lame duck" Congress will have to withstand.

It may be worth while to note here an opinion concerning the backbone of this "lame duck" Congress which is gaining some acceptance in Washington. Usually it is assumed that such a Congress will appropriate money right and left. Why should it? For the most part, members retired in this year's elections will have no patronage fences to maintain.

Many of them, weary of the pulling and hauling which they had to endure when they were aspirants for office, now may indulge themselves in the luxury of acting on their conviction of what the public interest requires. That is worth considering.

Expenditures which may be voted for the next fiscal year are still on the laps of the gods. Strong conflicting forces are at work here.

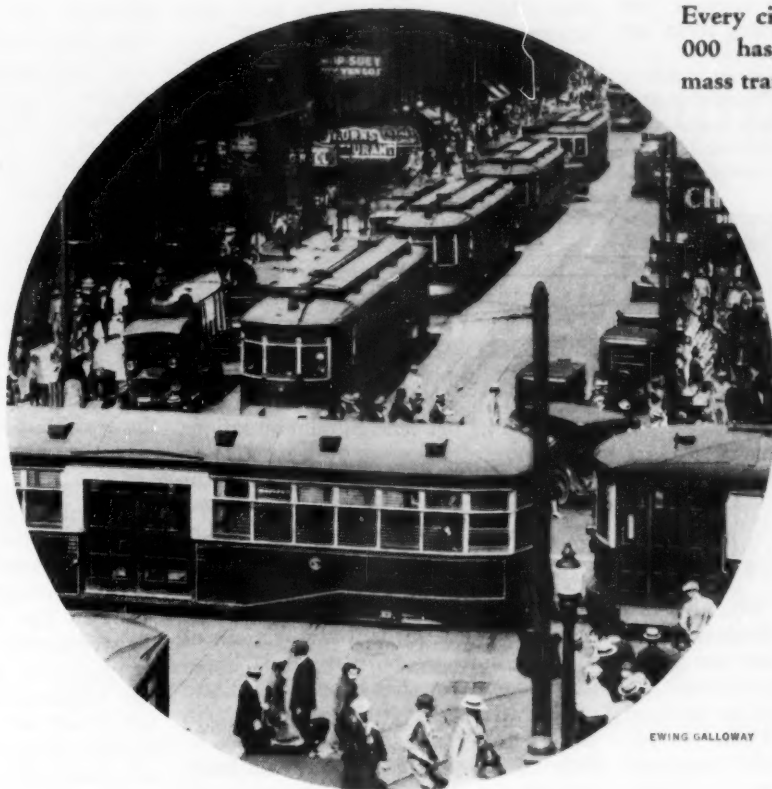
Next year's budget is smaller

THE 1934 budget to be submitted by President Hoover—the basis of all expenditure calculations for that year—no doubt will be sharply less than the \$4,000,000,000 budget for 1933. During the campaign, he announced a reduction program amounting to \$500,000,000, perhaps to \$800,000,000 if certain reorganization projects can be materialized. In view of economy pledges by both parties, it is doubtful whether any determined party effort would be made to undermine such plans.

But the trimming of any such amount—let alone the \$1,000,000,000 contemplated by the Democratic pledge of a 25 per cent cut—would raise a howl unequalled in recent years. Federal employees, former soldiers, farmers, labor groups, and other potent "minorities" are organizing to forestall sizable cuts. On the other side, business and citizens' organizations are driving vigorously for smaller appropriations. If economy legislation becomes a strong possibility, the battle among these contending forces should produce a dandy show.

(Continued on page 61)

Every city of more than 100,000 has some form of local mass transportation



EWING GALLOWAY

Prescribing for the Street Car

By RAYMOND WILLOUGHBY

Of the Staff of NATION'S BUSINESS

NOT so long ago there was something of derision in the public regard of the man who ran after a street car. "Another will come along," said the wisecracks who mocked his pursuit. But nowadays the sequel is not so certain.

Slowly the public is learning that city passenger services can and do give up the ghost. For the most part, urban dwellers have expected the transportation agencies to be adequate to the rapid movement of masses of people who were bent on getting to the same place at the same time.

What happened to the equipment in the off hours was nobody's business. No matter how hard the street cars' job to fetch and carry on dwindling revenues, they have been regarded as a civic tradition. Held to rigid and antiquated fare requirements regardless of changes in operating costs, the street railways have had to face the rising competition of buses, private motor cars and organized taxi services, and a sort

RECOGNIZING that adequate mass transportation is a necessity in every city, the U. S. Chamber of Commerce membership has expressed its judgment as to what is needed to coordinate transportation agencies into a workable and profitable unit

of guerrilla warfare waged by unregulated vehicles of uncertain safety and liability.

So serious has become the financial predicament of many of the street railways that the Chamber of Commerce of the United States decided to investigate the situation with a view to discovering whatever remedial measures could be defined. Accordingly, as a first step, the board of directors authorized the appointment of a committee to study city passenger transportation and make recommendations toward improvement. The report of this com-

mittee, received last spring, was submitted by the board of directors to the twentieth annual meeting of the Chamber, held at San Francisco in May. That meeting decided that the board should submit the report to the membership for a referendum vote.

Of the 11 recommendations made by the committee and put to vote, ten were overwhelmingly affirmed. Only one failed to win the necessary two-thirds of the ballots cast.

The recommendations approved were:

That a program for efficient and coordinated city passenger traffic is vital to stability and orderly development of urban communities.

That investments in existing facilities should be utilized to the fullest extent compatible with the inherent advantages of each form of service.

That the solvency of all forms of local transportation requires cooperation of business leaders, public officials, and transportation managements for fostering responsible private operation under proper regulation.

That public regulation should encourage

efficiency of transportation agencies, provide proper coordination among them, and prevent unfair competition.

That public regulation of street railways, buses and taxicabs in each metropolitan area should be centralized in a single body.

That development of differential rates for off-peak and short-haul services should be encouraged.

That taxicab rates, in communities where there is extensive demand for taxicab services, should be designated by regulatory authority upon the basis of costs and reasonable profits, charges to be determined by the taximeter.

That franchises should be of the indeterminate type and be flexible in their terms, subject to regulatory authority.

That there is urgent need for relief from oppressive special taxes, paving requirements, and other unfair burdens.

That traffic regulations should give agencies of mass transportation fair opportunity to function efficiently in accordance with their capacity for service.

Recommendation ten which failed to gain the necessary two-thirds vote, 975 to 775, proposed that, where the public interest requires additions to transit facilities, and the cost cannot be financed on the basis of prospective receipts, the public should participate in the expense, with assessment against property owners for any special benefits. The Chamber remains uncommitted either for or against this proposal.

Many use mass transportation

WHAT mass transportation signifies in the daily life of the American city is immediately apparent from the statistical background of the committee's consideration. Despite the increased use of private automobile and taxicab, mass transportation agencies as a whole are carrying substantially as many passengers as ten years ago, although in many communities losses of traffic are conspicuous.

In 1930 street railways and affiliated bus lines carried more than 14,000,000,000 passengers. This traffic was handled by 580 companies with a capital investment in their city passenger transportation business amounting to \$3,350,000,000.

Although these companies are performing a vital public service, the committee declared, the public has, to a serious extent, lost confidence in their securities, and the companies therefore have suffered from a lack of credit. This situation, it is pointed out, has made it impossible to extend and improve facilities as needed; and also has made it extremely difficult and, in many instances, impossible to finance maturing obligations.

How dependent are daily workers and shoppers on mass transportation is disclosed by the fact that, of 275 cities with more than 25,000 population in 1930, only 29 are getting along without some type of local mass transportation. Every one of the 93 cities with more

than 100,000 inhabitants has local mass transportation.

A statistical commentary on the committee's admonition that "investments in existing facilities should be determined by the inherent advantages of each form of service" is provided in a report on traffic conditions in six large cities.

Taking the number of shoppers as a test, one of the investigations revealed that 68.6 per cent of the shoppers riding downtown to the stores in Philadelphia were carried by street cars, buses, or rapid transit. Automobiles carried 17.3 per cent. Pedestrians constituted 14.1 per cent. Similar situations were found in Boston, Pittsburgh, San Francisco, Washington and Kansas City, the per cent of shoppers moved by mass transportation ranging from 78.8 per cent in Pittsburgh to 60.2 per cent in San Francisco.

Dismal as the committee's revelations may seem in their implications of difficult financial burdens, it is hopefully in evidence that business men and public officials have begun to take a more active notice of the situations in their own communities. It is no exaggeration to say that the interest in the companies' economic problems is intensified by the fact that they are among the largest employers of labor in their respective communities.

Illustrative of the progress already made in the direction of the committee's proposals is the action just taken in Baltimore. A statement by the Mayor accompanying the vote of the Baltimore Association of Commerce refers to "the recent action of the Mayor and City Council gradually reducing the franchise tax on gross receipts of the United Railways from nine per cent to three per cent, and deferring until earned all gross receipts taxes in excess of two per cent."

Alluding to the referendum recommendation declaring "there is urgent need for relief from oppressive special taxes, paving requirements, and other unfair burdens," the Mayor said, "Your committee will be interested to learn, and so, I feel sure, will the United States Chamber of Commerce, that Baltimore has recently recognized the soundness of this principle, insofar as it applies to special taxes such as the franchise tax, used in Baltimore for park purposes."

He adds, "The ordinance just passed in Baltimore by the Mayor and City Council goes farther than an adjustment of a detail of burdensome taxation. It puts this city in the position of being first to take action since the report of the special committee of the United States Chamber of Commerce, and it provides for recognition along several lines of the inherent partnership that exists between a city and its public transportation."

On the issue of regulation to assure

efficiency and prevent unfair competition, the *Washington Star* said:

In Washington, with revenue passengers steadily decreasing and operating deficits increasing, the situation is further complicated by the absurd mandate by the American Congress forbidding the local Public Utilities Commission from spending money to enforce its taxicab meter order—that order being, at most, a weak attempt to find a way out of the chaos of unregulated competition. There is the additional complication that a busy Congress has shown no inclination to take the time necessary to sanction the one tangible proposal for improving service and aiding the sick corporations, that proposal being the bewhiskered merger resolution.

So impressed is the business community of Washington with the importance to the city's welfare of a proper solution of the transportation problem that the Washington Chamber of Commerce is undertaking a thoroughgoing study of the local situation along the lines proposed in the referendum. It is significant of a widespread interest in the problems of local transportation that cities of all sizes throughout the country indicated a lively concern for the financial and operating health of their street car companies, the proper development of bus services and a sound solution of the difficulties resulting from unregulated and irresponsible taxicab operations.

That the transportation companies are alive to the seriousness of their own situation is indicated by the *Star* in saying that,

The single bright spot on the horizon is the evident determination of the street car companies to adjust themselves, by research and experiment with new type equipment, to modern conditions of dense traffic—which will cost money—and their attempts to force attention, and resultant cooperation from the public, toward solution of a problem of real and immediate concern to the community.

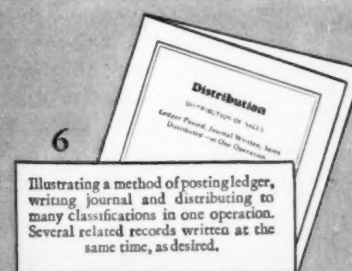
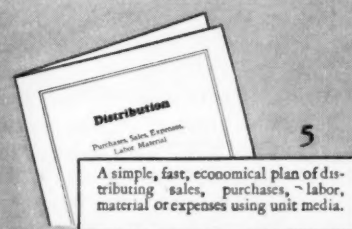
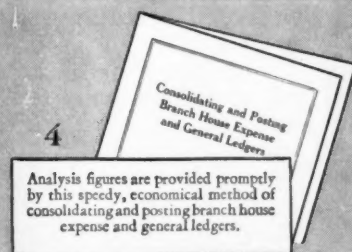
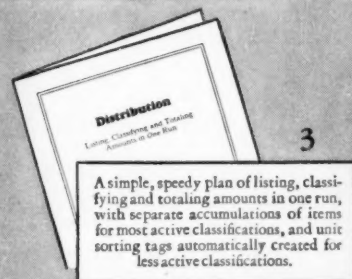
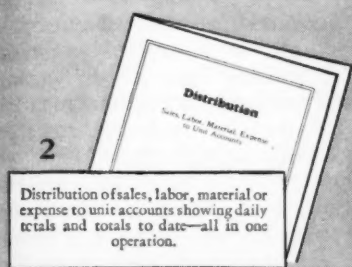
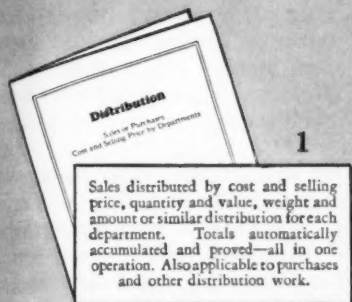
Experiment to help service

IN THIS connection it is pertinent to mention that the industry, through the American Transit Association, a significant new name recently adopted by the former American Electric Railway Association, has provided \$500,000 for experiment with various designs of cars looking to speedier and more efficient service with greater comfort and much less noise.

A timely definition of the issue now facing local communities is provided by *Aera*, journal of the American Transit Association, which says that "the vote of the Chamber membership, conclusive as it is, is far from being the final phase in this question. There remains the more important task of translating the Chamber's resolution into action. This is a problem for local management. The Association and the

(Continued on page 63)

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People May Live in Steel Houses

SINCE man abandoned nomadic existence, he has relied almost entirely on stone, clay or wood to supply one of his primary needs, shelter. These materials and their derivatives have supplied his four walls as far back as history records. They may, in all likelihood, look forward to an extensive period of similar service in the future.

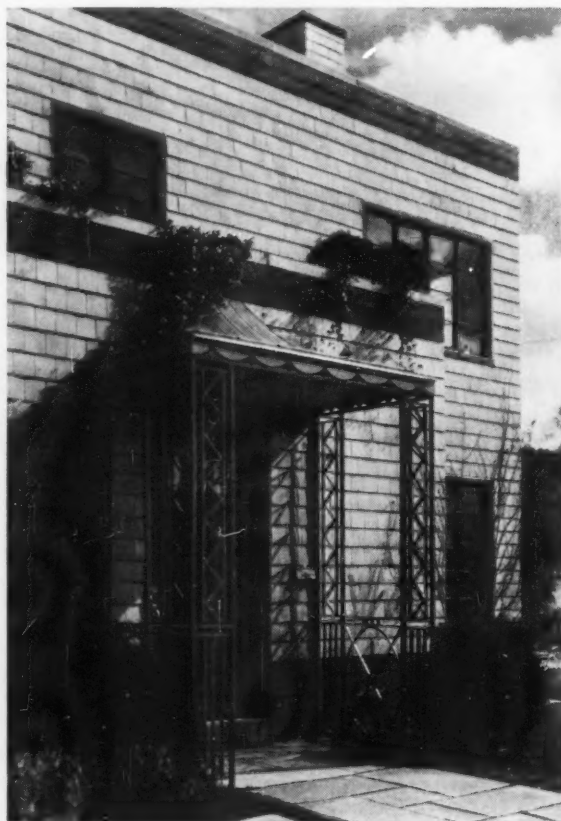
Unless present signs fail, however, these materials—and the industries and men which supply them—may reasonably expect another material to invade the field they have so long dominated. This material is steel.

Various metals, of course, have long played important rôles in housing construction. Copper and tin for years have had their part in keeping roofs over our heads; cast iron has its rôle in our heating equipment; steel already is frequently used in joists, sash, and lathing. New metals and new uses for old ones are constantly crossing the world's thresholds.

But steel men are visioning their product in none of these minor rôles. They are projecting—and actually building—the all-steel house. Steel frames, steel walls, steel floors, steel roofs—these have already been translated from paper into realities in several instances. Small, all-steel cottages are actually available at below \$1,000, the \$5,000 all-steel house is promised and several steel homes in higher price ranges have been completed.

Assembled houses

PRODUCTION and erection of such houses on a mass scale seems still very much in the future, however. Ambitious projects for supplying the factory-built house in quantities exist, but none has approached a mass production stage. Even if, and when, this stage is



Porcelain-enameled shingles are used on the walls and roofs of this new steel residence

By

**PAUL H.
HAYWARD**

Of the Staff of NATION'S BUSINESS



COURTESY
FERRO-ENAMEL CORP.,
CLEVELAND, OHIO

An occasional bath with the garden hose keeps the exterior clean and new-looking

reached we will hardly be treated to the spectacle of complete rooms or walls pouring off assembly lines. Present manufacturing trends and research work point rather to the production of standard units which can be assembled easily and quickly into floors, ceilings, walls and roof. Steel men look upon these standard structural units, in the form of either single members or panels and having a range of dimensions which will permit the average architect to incorporate them into any house design, as the most likely and practical form of development in this field.

Fertile market

THE possibilities for the steel industry which lie in all-steel houses, and the merits of the metal itself in such applications, argue that large-scale production eventually may be attained.

Surveys indicate a present market in this country for the equivalent of 250,000 six-room houses each year. Further, they indicate a potential market, in the near future, for 300,000 such homes each year. Leaders in the steel industry see here a vast, fertile field for their product. Steel framing of these homes, figuring one and one-fourth tons to a room, alone would mean a present market for 1,875,000 tons of steel and a potential market for 2,250,000 tons.

Covering these steel frames with steel, figuring three-fourths of a ton of steel for each room and including all surfaces save floors, would mean a present outlet for 1,125,000 tons of steel and a future outlet for 1,350,000 tons. Thus the rosy picture of a new market for from 3,000,000 to 3,600,000 tons of steel a year rises before the steel industry's enchanted eyes. Small wonder the picture interests the industry. The two million-odd tons represented

by steel framing alone would amount to some two-thirds of the normal fabricated structural steel production in this country.

Viewing the steel-framed and all-steel dwelling from the standpoint of the purchaser, steel men point to several inherent advantages in the metal. It is, they say, noncombustible, shrink-proof, sanitary and rigid. Further, under some systems of construction, such dwellings can be erected much more rapidly than with traditional materials. Also, greater room areas and heights are permitted through savings in the thickness of wall and floor construction.

Obstacles which stand in the way of popular acceptance are being overcome, one by one. Technical difficulties—and there are not a few of them—are being ironed out. Insulation, an important consideration in all-steel construction, is now available in several forms. Developments in both field and shop welding are offering aid in the factory fabrication of parts and their final assembly on the building site. New forms and shapes especially adapted to the peculiar

requirements of domestic dwellings are being currently devised.

Progress is being made in design, both of the conservative and more radical type. Two schools have arisen in the field, the Conventional and the International or Functionalist.

Designers of the first school make their structures conform with familiar styles so far as outward appearance goes. Some cling to the older types of material to cloak their steel frames, others use steel or other newer type materials for the exterior coverings.

Using modernized designs

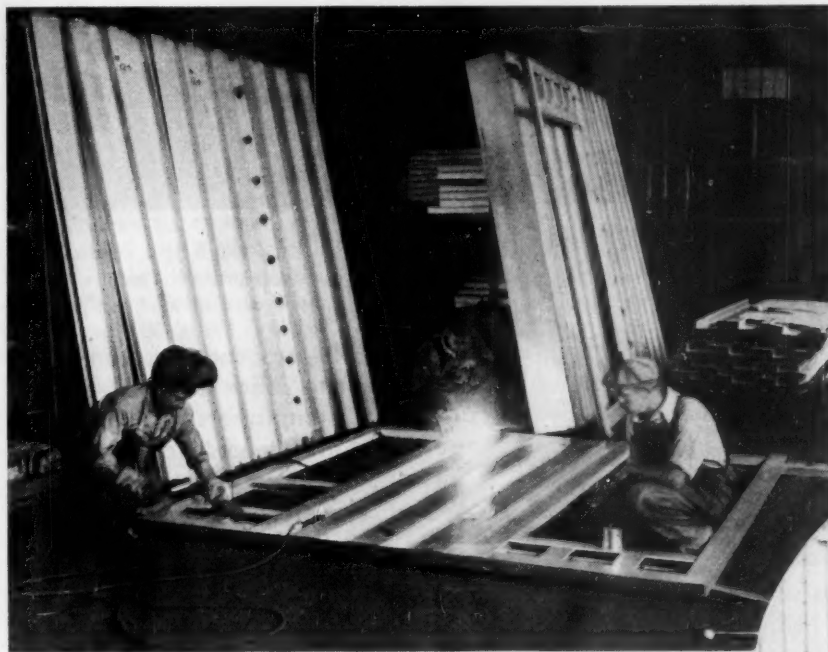
THE International School derived the name from the fact that its particular style of design appeared simultaneously in a number of countries and hence has world-wide distribution. These Internationalists, or Functionalists, to use the more descriptive term, depart from the old forms, both in appearance and construction. Columns, set back from the walls, support the floors of their dwellings. Cantilevered beyond the columns,

these floors support the walls. Since the walls bear none of the weight of upper floors and roof, there is no limit on the window space which may be allowed.

Flat roofs prevail in the Functionalists' designs, and are used as an extra floor—a site for playground, conservatory, or sun parlor. Why continue to cover dwellings with the waste space represented by the familiar pitched roofs, they ask, when modern methods of steel construction and waterproofing make such roofs no longer necessary to carry the weight of accumulated snow and to guard against leaks?

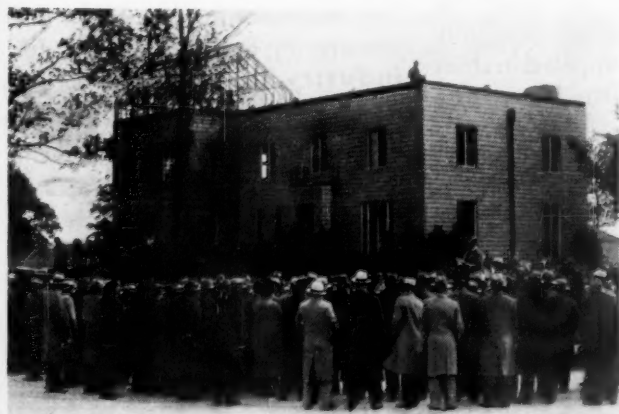
The more radical exponents of the Functionalist School have based their designs on strictly utilitarian principles, designs which have blossomed forth on paper in a variety of structures in which cube is laid alongside or piled on top of cube, in which windows are set into corners, and sharp edges and flat sides predominate. These designs are apparently set down on paper with one motivating idea—to produce a structure of machine-like efficiency. The weakness seems to be that in doing this the designers have also produced a structure of machine-like appearance. To make such a house a home, to use Eddie Guest's phrase, would take more living than the present generation, at least, seems willing to give it.

Designers of both schools, of course, must work with an eye to existing or potential standardization in their medium—which brings up the danger of standardization and monotony in appearance. Although we are perfectly willing to drive an automobile the exact duplicate of which may be seen ahead and behind us on the highways, we have

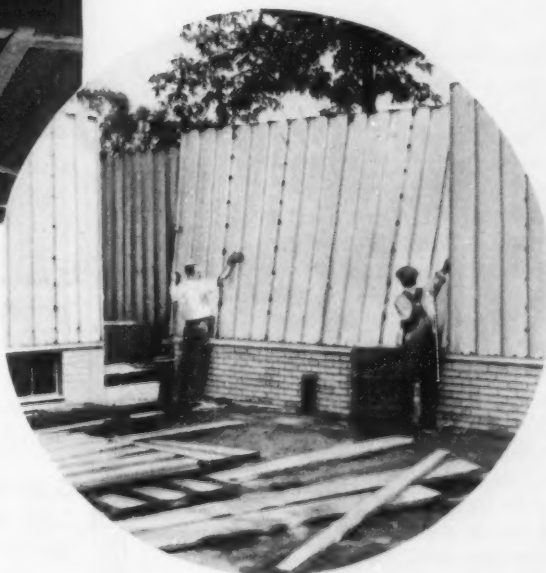


PHOTOS COURTESY THE AMERICAN ROLLING MILL CO., MIDDLETOWN, O.

Wall sections were assembled and welded at the factory



The recent opening of the first frameless steel house drew a crowd of visitors



The lower wall sections were set up and welded to the foundation cap and floor

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always tried to impart individuality into our dwelling places. Perhaps this is because the "we," so far as the home is concerned, means largely our wives—whose antipathy toward duplication is by no means confined to hats and gowns.

Variety is obtainable

BUT this is a danger that can readily be avoided. A variety of architectural styles already have been evolved in steel-framed houses, and the all-steel houses seem quite as susceptible to diversification of appearance. Neither is the all-steel house necessarily unconventional in appearance, despite the vast publicity which has been accorded the more radical designs. Actual construction, in fact, has been confined largely to houses of conservative pattern. The reason of course is our human reluctance to accept any too-radical innovation in appearance, a trait which—to revert to the automotive field again—motor car makers have wisely recognized in their slow and cautious advance toward the ultimate goal of perfectly stream-lined automobiles. Perhaps we can also be educated to accept the more radical Functionalist designs in our residences, but the process promises to be a long one.

A final and vital factor in the consideration of both steel-framed and all-steel houses is cost. If such houses are to win the widest acceptance they must be both better and cheaper than comparable houses of competing materials. Of some 60 systems of steel-framed and all-steel construction thus far evolved, one or two claim to have hurdled this cost obstacle successfully. Several other systems come close to the mark, and their backers see prospects of cutting their costs below those of competing materials.

Two companies, for example, are cooperating in the showing of a seven-room steel house, costing \$5,000, at the Century of Progress in Chicago. Another company plans to offer completely equipped houses, in which steel, concrete and brick are the basic materials, for less than \$5,000, including site.

A brief review of some of these systems of construction is in order. A number of systems of steel flooring and framing are already in wide use. In most of these the parts are bolted together, although welding is being increasingly used. In some framing systems special designs have been developed for the structural parts; in others

the more familiar shapes have been adapted. Some place entire dependence upon the steel framing for rigidity and strength, others make the steel framing cooperate with other elements of the building in carrying the load. Several types of steel joists and flooring have also been evolved. An index to the acceptance which these have already won may be had from the fact that one company's floor system, which combines steel and concrete, is now in use in some 3,000 homes.

Although steel framing and flooring have made definite progress, no important demand has yet developed for residences entirely covered with steel. Recent developments in all-steel house construction are expected to change this condition radically, however.

Noteworthy among the new developments is a frameless steel house, completed near Cleveland in October by Insulated Steel, Inc., in cooperation with the American Rolling Mill Company. Sheet metal, little thicker than a dime, is used throughout this house, 17 tons being required. Walls are of steel sheets, story-high, which have channels two inches deep by six inches wide pressed into them lengthwise. These were assembled and welded in large sections at the factory. Floors and roof are made of steel strips 28 inches wide pressed into step-like shapes—"treads" 11

sealed with a structural adhesive. The exterior siding is of cream-colored porcelain-enameled shingles. Interiors of the walls are covered with gypsum board, permitting wall paper or other decorative finish. The hollow channels in the steel core are blocked at frequent intervals as a further insulant.

Two workmen, using two torches and one welding outfit, handled the welding on the site. No special handling equipment nor scaffolding was required.

A number of novel features are embodied in the house, which contains seven rooms, two baths, basement recreation room, double garage and roof solarium and play space. This last can be flooded in winter and used as a skating rink. Equipment includes an all-electric kitchen, air-conditioning, and an electric moulding placed near the baseboard in each room which allows electrical equipment to be plugged in at any point. Glass in the exterior doors is lowered with a crank, like automobile windows. Roll screens are attached to the top of the glass and are drawn down whenever the latter is lowered. Thus screen doors are eliminated. Floors are covered with linoleum or hardwood and ceilings with acoustical tile and plaster.

Highly fire-resistant, this house is also said to be lightning, rat and vermin proof. The enameled shingles on the exterior require no painting, and when soiled can be washed down with a garden hose. While an accurate figure as to the cost of the house is not yet available, it is said to be comparable to that for frame construction.

Enameled shingles

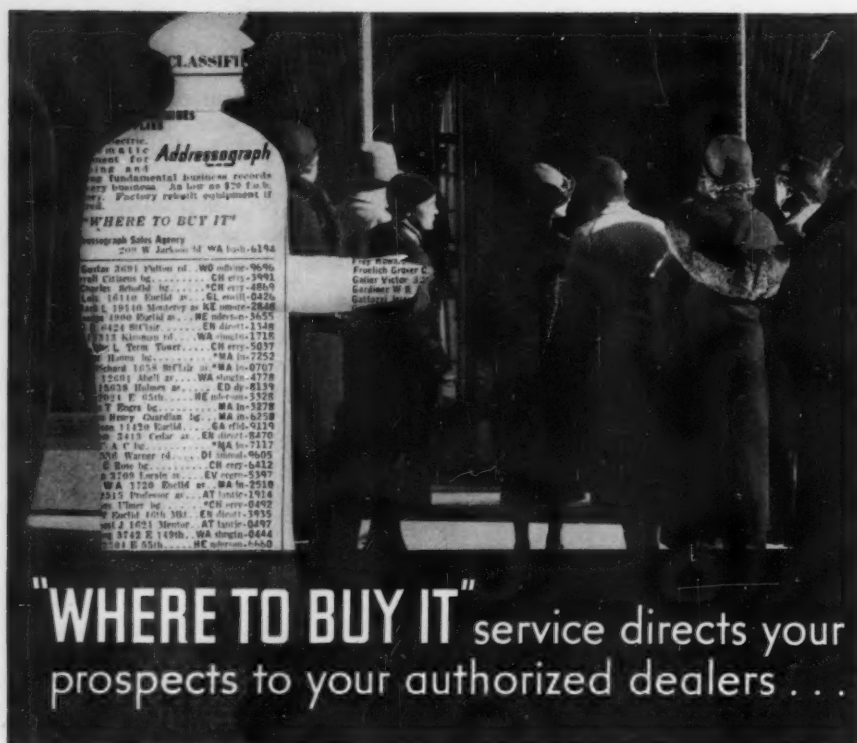
ANOTHER all-steel house, completed in October in Cleveland by the Ferro Enamel Corporation, also has a porcelain-enameled shingle exterior, but uses a steel frame built of three by three and one-half inch angles. Siding is of fiber insulating board, sandwiched between two steel sheets. Metal lath is fastened on the interior of the frame and the space between this lath and the laminated siding sheets is filled with mineral wool insulation. The interior finish is of acoustical plaster. Enameled shingles are also used on the roof, which is of a conventional style. Factory fabrication was used largely in this house, too. Erection time was said to be only about half that required for similar types of construction with conventional materials.

Eight rooms, garage, and a combined porch and terrace are included in the house, which is air-conditioned. Ex-



In the small-house field, steel framing is also being combined with walls of asbestos panelling

inches wide with a six-inch "riser" between—which are butted together and welded to form a series of metal boxes six inches high by ten wide. After the first floor was in place, the lower wall sections were set up and welded to the foundation cap and floor. Then the second floor, second story walls, roof and roof parapet were welded into place. The exterior of the walls is faced with a heavy layer of board, fastened to the steel with a spirally threaded nail and



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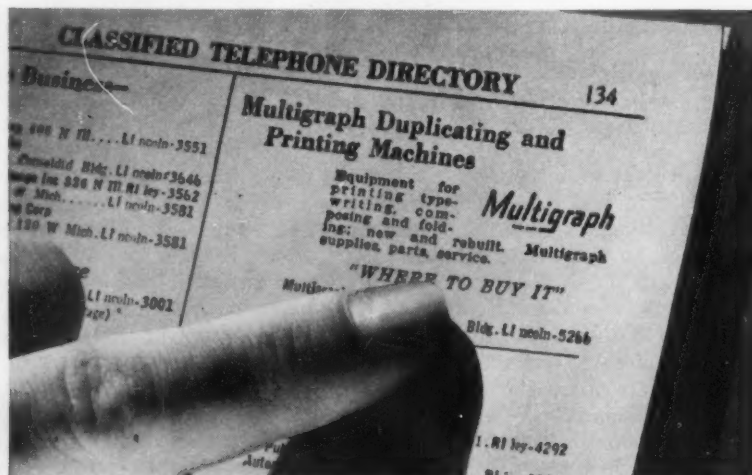
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ceptionally large windows are provided and porcelain enamel is used in a variety of ways in the interior. The cost is put at approximately \$15,000.

Still another Cleveland development, on a smaller scale, is a steel and asbestos house that is built to sell, with site, for \$5,500. This house, too, is partly factory-fabricated, and uses a steel frame with panel wall sections of rigid asbestos backed within by air-cell asbestos insulation.

These are the most recent actual developments in steel housing. They point the trends in this type of construction and offer something of a gauge of the possibilities and potentialities.

Steel men see encouragement

LEADERS of the steel industry view the situation with varying degrees of optimism. They point to the fact that man has always turned to the best and most easily available building material for his home.

They look back with some satisfaction to the growing use of steel in building houses in the past 20 years, first for collateral purposes—lathing, sash and so forth—and more recently for primary construction.

They see in these forces, and in progress in technique and design, attractive possibilities for developing a steadily increasing demand for steel-framed houses, with an attendant increase in steel tonnage—probably in the form of small rolled shapes and bars.

As to prospects for all-steel houses, the industry's leaders are divided. Some feel that this field is still insufficiently developed to warrant any general conclusions as to its extent and direction of development. Others feel that potentialities will be translated into actualities, and that within a comparatively short time.

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Science is Ready for the Upturn

By HARRISON E. HOWE

Editor, Industrial and Engineering Chemistry

ALTHOUGH we have been hearing less about research recently than before the depression, this does not mean that industrial laboratories have been idle. They have merely been silent—and for good reason. Many of them are about ready to break that silence. Some have broken it already. Here are some of the things they have announced

INDUSTRIAL research cannot be measured at the moment in terms of new things introduced into commerce. Inquiry has shown research to be going on with less interruption than in previous times of economic stress. Industries learned their lesson a decade ago when several leaders practically abandoned their research programs only to see more far-sighted competitors leading the procession in less than a year.

The research laboratories continue, though on a reduced basis, but the public is not yet permitted to see all the results. There is vastly more working than talking. Those who possess advantages gained through an accumulation of knowledge are carefully guarding this asset because all realize how competitive commercial development will be when once the upswing is strong and unmistakable.

There is reason to believe that those industries which have established and well supported laboratories are ready with a number of improvements, but to put these into the market means expenditure of money for extensive development as well as for commercial introduction. Things have been going pretty fast the past few years; so fast in some industries that one advance could not be thoroughly digested and paid for before another came along. It has been shown that to develop simultaneously all the worth while promising discoveries of a well organized and directed research group might easily embarrass even a financially strong concern. It is a paradox, but nevertheless true, that too much success might break a manufacturer if he tried to cash in through adequate development on all his research returns at the same time. A number have learned this lesson. They are now inclined to



COURTESY BORDEN COMPANY

Individual servings in tubes help the ice cream dealer

make the most of each invention, holding some of the most promising for development only when it is apparent that the market is ready for them.

Much of the research of the past year has had to do with accomplishing the impossible within the plant. The chemical industry, where a production of, say, 100 tons a day was once believed to be the minimum possible operation, has learned how to produce 50, or

25, or, perhaps, even ten tons a day with reasonable satisfaction. The whole manufacturing program has been gone over until costs have been reduced to the limit. Days of depression have been days of severe education. The lesson has been learned so thoroughly that just a little better business and, oh! what profits would be made!

Hydrogenation has become important

THE hydrogenation of petroleum and some of its fractions has proceeded in a way not predicted when this research was undertaken. Most people looked upon hydrogenation as a process which would be useful at some distant future date when the ordinary sources for gasoline were more nearly depleted. But the products of hydrogenation have already become important. When the introduction of large numbers of kerosene burners in the cook stoves of New England necessitated an increase in the production of kerosene of a certain



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Research has been directed toward a wider use of glass containers

If It's NEW IDEAS *You Want...*

A NEW ENGLAND manufacturer dropped in to see us. The first thing he said was: "You certainly hit the bull's-eye with that article, 'Why I Do My Company's Buying,' in the August *Nation's Business*."

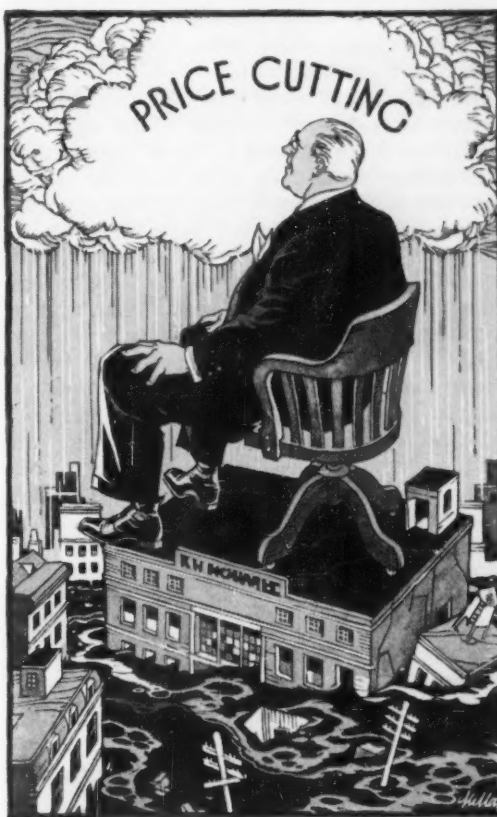
"I woke up early this morning in my hotel, and turned to *Nation's Business* for something to read. Leafing through the magazine, I came to that article on price-cutting. Garretson's ideas on the importance of sound economic buying made me stop and do some thinking!

"I want to have that article reprinted and put into the hands of every executive in my industry. It will do every one of them good to read such a sane discussion right now.

"One idea like that a year," he added, "makes *Nation's Business* a good investment. One idea like that a month makes your magazine well worth any business man's time."

WE DON'T EXPECT every article in *Nation's Business* to appeal to every one of our readers. A magazine is not built that way. But every business man will find at least one sound idea which he can use in each issue of *Nation's Business*. Most of them find more than that.

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may spell the difference between profit and loss in a business—between progress and obsolescence! If you are a business man, you *need* ideas—and you will find them in *Nation's Business*.

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sort, the hydrogenation process was relied upon to meet this demand. The introduction of the burners themselves indicates what can be done with a new product, even in times like these, if the product is right and the market is but ready for it.

Advertisements have already told us much of new types of lubricants made possible by this hydrogenation process. The rearrangement of the molecule to produce a more nearly ideal lubricant by the hydrogenation route finds competition with a synthetic lubricating oil derived from the very paraffin which until lately has been one of the ingredients to be separated at all costs from lubricants, particularly those used in cold weather.

The laboratory often discovers things that become useful only in the future, but it is rarely that a process conceived to be of greatest importance many years hence begins to pay some return almost immediately.

With this continent's great resources in raw materials for paper manufacture, it is difficult to realize that, in some countries, paper is more highly prized. In some South American countries, trees from which pulp might be made are inaccessible to the consuming centers. Transportation does not exist, and pulp has long been imported from Scandinavia, Finland, and Canada. A chemical engineer who developed his process under the conditions of his native Italy, where neither wood nor straw can be wasted, has erected and is successfully operating a mill in Argentina with wheat straw as the raw material. Peculiar economic conditions make possible the operation of a chlorine process using cheap hydroelectric power and salt. The by-products, caustic soda and refined table salt, find a ready market and the papers are bringing a certain self-containedness in paper to our South American neighbor. A similar enterprise is now being planned in Chile. In our own country a process for paper pulp from straw has been perfected and a mill has been erected. However, with the present low prices for pulp there is no incentive for operating this plant.

A great deal of ingenuity has been applied to containers. The most casual observer can scarcely fail to see the tendency toward package goods in the retail trade. Many of these present a research problem. One of the active trade associa-

tions has been much concerned with glass containers and its research has been directed toward a wider use of glass for foods. The thermal shock which such containers must withstand introduces a difficulty, as does the strain to which many containers are subject in transportation and general handling.

The rapid spread of the freezing processes has meant a research into leak-proof fiber-base containers which will hold foodstuffs during freezing and, when thoroughly frozen, present an attractive appearance. Metal foils, impregnated cartons, lacquered boards, Cellophane, and other such materials, including some of the synthetic resins, are called upon to meet these new conditions. Scientists are investigating the influence of color upon the keeping qualities of various commodities. It is reported that potato chips keep much better in a green Cellophane container than in one of any other color, and colored glass is also being examined with similar objects in view.

Improving the paper bag

LAST summer a paper bag appeared which was said to prevent ice cream from melting for a maximum of two and one-half hours, depending upon where the package was stored. The container consists of an outer and inner bag with a fiber pad between them which acts as an insulator after the ice cream in a carton has been put inside. For small deliveries the bag has proved its worth.

Just as color has long been the dominant factor in sales work, we now find perfumery entering the lists. Some time ago one manufacturer hit upon a certain scent as a sort of trade mark, but later investigations show that it can have much more importance. Perfumes, properly used, seem to have an actual sales appeal. A little while ago a group of college students investigated the influence of odor as a factor in the choice of hosiery. They called on 250 housewives. Each student displayed four pairs of hose, identical in color, pattern, and style, but boxed separately and perfumed differently. One pair was just as it came from the factory. The others were perfumed respectively sachet, fruity, and narcissus. Eight per cent of the housewives chose the natural; 18 per cent the sachet; 24 the fruity; and 50 per cent narcissus. It remains to be seen how extensively this will develop in industry, but at any rate the prospects are interesting.

Speaking of stockings, an interesting experiment was conducted this past year with stockings treated with materials which were distinctly repulsive to mosquitoes.

For a long time the textile manufacturer has wished for noncreasing cottons and rayons. The advantage of such material is obvious. A manufacturer in England casting about for something new to develop determined to produce noncreasing fabrics. His research unit worked diligently and the result has been announced. Details of the process are lacking as yet, but a way has been devised whereby a small amount of one of the numerous synthetic resins is introduced within the individual fiber. It does not affect the color or any other properties of the material, but the advantage sought is said to have been won.

The man who dispenses ice cream in cones and other small portions sells a smaller volume than he buys. The shrinkage is not due alone to melting but to the fact that he loses a certain amount of air which is beaten into the finest textured creams. As he buys by volume, he buys some air. Not until a continuous process of freezing was found which delivers the frozen cream into tubes containing the right amount for individual service has it been possible to sell as much air as he bought. This development is on a commercial scale, being used by at least one of the large producers and distributors of ice cream. The tubes of individual servings are bundled into a package which fits into the standard storage can.

Those who find it necessary to wage continuous war upon insects are watching the development of rotenone as an in-



COURTESY DUNLOP RUBBER COMPANY, LTD.

Cellular cushions made from latex are a recent development in the field of rubber manufacture

secticide. This is one of the plant extracts used in the Tropics, particularly to poison fish which are then gathered by hand. As rotenone is not toxic to warm-blooded animals, the fish are eaten without hazard. Rotenone sprays are found effective as contact insecticides, but as a coating on plants kill the biting and sucking insects as well. It had been hoped that rotenone sprays might displace arsenical sprays on apples and other fruits but, unfortunately, the rotenone soon loses its toxicity on exposure to bright light.

Research is now seeking some derivative of the material which is not light-sensitive or to find some means of protecting the rotenone from the light. Prospects of extensive use of the material in other directions are such that efforts are being made greatly to increase the supply of raw material.

Compounds have been discovered which will prevent gum formation in anti-knock gasoline without diminishing the knock-suppressing elements. Cracked gasoline will benefit by this discovery. This gasoline is known to be superior to straight-run gasoline in anti-knock rating, but, when stored, cracked gasoline tends to combine with oxygen from the air and to form gummy or resinous products which deposit as a hard varnish-like layer in the gasoline lines and the intake system of the engine.

One of the new compounds is known as parabenzylaminophenol. One molecule of it will prevent one hundred thousand molecules of the cracked gasoline from combining with oxygen. Different laboratories are working on this problem and other anti-gum compounds under various names have already appeared.

New interest has been aroused in powdered metals. They have been used for decoration, as for example in bronze paints and lacquers, and, as catalysts, have had their place in a number of chemical processes and reactions. Now they are becoming important in the manufacture of small parts, particularly bearings and bushings. A typical oilless bearing is made of 90 parts of copper, ten of tin, and from one to four parts of electric furnace graphite. Such a mixture is pressed into the form of a sleeve. It is then given a heat treatment with time and temperature regulated so there is a welding action at the multitude of contacts between metal particles. While hot, the article is submerged in lubricating oil and becomes saturated with it. Such bearings have high crushing strength and exude oil under conditions which might otherwise result in a dry bearing. In use, the absorbed oil is not depended upon to provide all the lubrication but, properly supplied with additional oil, such bearings give an efficiency approaching that of ball or roller bearings.

Better soap is being made

THE first great advance in many years in detergents has been consummated within the past year. The production and application of the higher alcohol sulfonates in the perfection of detergents has already found a demand of 400,000 pounds a year on the continent and these materials are being introduced into the United States. Some of their remarkable properties when used in soaps include the ability to cleanse thoroughly fibers which customarily become matted in the washing process. Indeed a number of materials that have been difficult to cleanse satisfactorily seem to yield to treatment when these sulfonated higher alcohols are used.

For years attention has been focused periodically upon the damage due to sulfur fumes in the air of cities, whether industrial centers or not. It has come to be recognized that the indifferently fired household heating unit may contribute as much sulfur dioxide to the air as the industrial plant where it pays to control the fires. Several lines of attack are being followed. Some are devising means for scrubbing the sulfur fumes from the stack gases before it reaches the atmosphere. Others believe that the sulfur can be removed from coal before it is burned. Under the latter plan, ground coal is treated at the mines with an acid solution of ferric sulfate, then washed and heated in the presence of hydrogen which would remove the remaining sulfur in the form of

hydrogen sulfide. A part of the sulfur could be recovered for commercial use.

Concurrently, methods for detecting the degree of sulfur dioxide concentration in the atmosphere have been perfected. This is an important step in keeping the concentration low enough to prevent damage to paint and other protective coatings in cities and to crops and forests in rural districts.

Sound absorption has grown to be a question of importance and a number of firms are manufacturing materials useful in shutting out the hubbub of the modern city. It is reported that there were seven such concerns in 1929. There were 18 in 1930, and 23 in 1931.

Many new rubber products

DEVELOPMENT of means for transporting latex from the rubber trees of the Orient to the factories of America without substantial change in the material means much to the rubber industry. Simplicity in manufacture and products with certain superior physical properties are among the advantages. Latex has made possible electrolytic deposition. It has given a new direction to manufacture involving impregnation of fabrics, treads, and cords, and has led to a vast amount of research in cements, adhesives, sealing compounds, and articles produced by extrusion.

The field of insulation has seen advances due to deproteinized latex, one investigator stating that, in the case of hard rubber, the break-down voltage can be increased 300 to 400 per cent by first treating the latex with caustic soda to destroy the proteins present. Cellular cushions are made from compounded latex froth and, in manufacture of carpets and rugs, the material has been used to penetrate the structure of the back of the goods, thereby imbedding the loop of the pile yarn and providing a layer of rubber to prevent slippage of the floor covering. Latex has penetrated the paint industry, the paper industry, and the shoe and leather industry. In the latter, when used as a binding material, it has given a variety of mid-soles in which various cellulose fibers have been employed. Some of the best rubber soles are now made from felt fibers also bonded with latex. These are said not to spread, do not mark floor surfaces, are waterproof, and insulate against hot and cold surfaces. At the same time they are sufficiently porous to be comfortable.

Vulcanized latex finds application all the way from a chewing gum base to use as a film in which tropical fruits may be sealed prior to transportation. It has been found advantageous in the manufacture of milk bottle stoppers, rubber-lined bottle caps, dental rubber, meteorological balloons, and in a variety of dipped goods such as surgeons' and electricians' gloves. The abrasive particles in cutting wheels are bound with it, driving belts and gaskets are made from it, and even rope is impregnated with latex. It has even been suggested that, with the low price of rubber, we may find latex applied to roadway surfaces, much as asphalt is used, and that a blanket of it would be useful for covering athletic grounds and similar areas which must be kept in good condition. Dried latex in powder form, including compounding materials, offers many advantages for molding. The material is offered in various combinations beginning with the white milk-like juice of the tree and extending on to masses of the dry material made ready for the rubber products manufacturer. Its only competitor thus far is DuPrene, the synthetic rubber-like material announced last year from the laboratories of the du Pont Company. DuPrene has a finer particle size than the particles of rubber latex and possesses qualifications which better suit it than rubber to certain types of uses.

With the upturn in business which has apparently come to stay, we may confidently look forward to the gradual introduction of newer and better materials and to marked improvements in several of the older ones. Research has made a place for itself in industry, and that place will be enlarged and assured by the regulated flow of results which will continuously find their way to market.

VALUABLE REBATES ON YOUR TRAVEL TIME



SUPPOSE you are in Chicago and want to go to New Orleans. Travel by land—21 hours. Fly American Airways, Inc.—9 hours. A saving of 12 hours to use for business or pleasure.

You can travel in clean comfort and security, in heated cabin planes, over the nation-wide American Airways system—and save, on the average, two-thirds of your travel time.

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When writing please mention Nation's Business

Canada Likes the Sales Tax

(Continued from page 31)

Yet it should in any event amount to less than six per cent of the retail price. Theoretically it should be increased by the same percentage as the manufacturer's price is increased by the retailer. Practically it does not always work out that way.

In some cases the tax will tend to be absorbed in part by wholesalers or retailers. In other cases, the tax may tend to widen their margin as they jump their retail price to the nearest convenient round figure.

When the tax was increased last year it created a problem for manufacturers and retailers of fixed price merchandise. One big cigarette company absorbed the tax and cut out its premium coupons.

On the whole, the public has had no reason to feel the jump within a period of two years from one per cent to six per cent. Prices have been coming down so rapidly that the cost of living has been reduced despite the higher sales tax.

The most efficient rate

WHAT is theoretically the correct rate, the one that will produce the largest revenue with the least burden upon the business man or consumer, has never been determined in Canada from experience.

But it is doubtful if even the six per cent rate would have been so passively accepted by the Canadian public, had it not been imposed in 1924 when the tariff itself was being reduced and in 1932 when prices were coming down.

Most of the administrative problems that would arise in the imposition of a sales tax by the United States have been met by Canada. Canada has done the experimental work.

Some points Canada has learned are:

1. The necessity of collecting the tax only once in any series of transactions.
2. The necessity of imposing the tax

in such a way that unfair advantages shall not be given to any particular type of merchandising such as the factory owned chain, etc. For instance if a licensed manufacturer bills goods to his unlicensed wholesale branches he must calculate the tax after allowing for a fair profit.

If the manufacturer sells to his own retail stores the taxable wholesale price is fixed by the Government.

3. The necessity of having the tax billed on the invoice so that it is clearly paid by the purchaser and not by the seller.

Politics has little influence

CANADA has learned also that a sales tax is capable of a certain amount of political influence. For instance in drawing up a list of exemptions certain classes of producers whose political influence is strong can be freed from the worry of the tax. This does not imply that all the exemptions are political. Most of them are thoroughly proper. For instance, in any country there would be rather general opposition to a sales tax on the people's primary staple food products.

And it would cost more than it is worth to attempt to impose the tax upon small retailers manufacturing their own merchandise, such as custom tailors, picture framers, shoemakers, and show card makers.

It would probably sum the situation up fairly to say that, in Canada, business likes the sales tax, not because it likes taxation, but because the sales tax is the least of a number of possible tax evils.

And further that the consumer is largely passive because the tax is concealed in the final sale price of what he buys and he is not constantly reminded that on nearly every purchase he makes he is paying a tax.

Higgling Irritates Business Men

THE BOOKKEEPER in the feed and seed store looked sour.

"Old Joe Daskam just phoned me that he was sending his son down to pay their bill. You wouldn't think that would make me look sour? You don't know Joe.

"He's a higgler; and he gets my goat about once a month.

"I suppose pretty much all business used to be done on a basis of higgling. A generation ago a man used to go into a store to buy a pair of shoes or a ton of bran or ten pounds of sugar

and try to banter the price down.

"Partly he did that to save money; but more he did it to get the feeling that he was getting the better of the merchant or making a better bargain than his neighbor. He'd argue ten minutes to get a pair of shoe laces thrown in with his shoes.

"There still is a big part of business where higgling is natural, and I suppose it's proper.

"Opinions can honestly differ as to the value of a cow or an old house or a used car; and the only way a sale can

be made is to swap ideas back and forth till the two parties can come to an agreement.

"But merchants who sell standard goods have been steadily moving away from the practice of higgling for a long time; and a good thing, too. Higgling costs time, if nothing else.

Scientific pricing

"ANY merchant deserving the name tries to price his goods scientifically. Anybody who comes in here is free to buy our feeds if he likes the goods and the prices; if he doesn't, he can walk out, and no hard feelings.

"Old Joe Daskam won't deal that way. The last time he bought a load of bran it weighed a ton and twenty pounds. He wanted us to call it a ton, and I refused.

"Then he called my attention to the fact that he always trades here, and ought to have some special consideration on that account. I told him he always trades here because he is sure of the quality of stuff he gets here, and the other feed store is away at the far end of town.

"Then he brought up the fact that he is well fixed; we are sure of our pay; and he thought he ought to have a little discount on that score. And I countered with the statement that he couldn't get trusted here at all if we didn't regard him as solvent.

"We have treated him exactly this same way for ten years, and he hasn't learned a thing. He keeps picking away at us to try to get some little advantage for himself that we don't give other customers.

"On the phone just now he said, 'I'm sending my son down to pay my bill. I have it all figured up. Give me any discounts you can. I think you ought to knock off that twenty pounds of bran.'"

No profit in higgling

"DO YOU think your customer's custom of higgling over every deal has profited him anything?" I asked.

"Not a cent, so far as we are concerned. The reverse of that, if anything. Sometimes we will get in an especially nice lot of clover seed, for example. We may buy it and plan to sell it at the same price as another lot that is a shade lower in germination. I'll get on the phone and call in a few of our best customers to get the prime seed. Do I call Joe Daskam? I do not!"

I countered with, "I should think you would occasionally, especially if Daskam trades with you on a big scale."

"He doesn't. He's a good, reliable, small-scale customer.

"You never saw a higgler who does anything on a big scale."

—RONALD FOXCROFT

\$ \$ \$

Eye Appeal

..and Profits

The sales value of a Superior Package



Keen merchandisers realize that EYE APPEAL is one of the most important requisites in making sales . . . This is especially true of packaged goods.

Notice how often a purchaser selects one product in preference to another, chiefly because of a superior package. And in most cases the choice is wisely made—for the public has learned by experience that the better products are invariably in modern, attractive packages, scientifically designed to keep the goods in first-class condition.

Competition for the consumer's favor has made package standards higher than ever before. And the makers of packaging machinery and package material have kept abreast of this trend.

New Possibilities in Package Design

Today you have a wide choice in the type of package you may use—you can design a package especially suited to your product, a package that has individuality and eye-appeal.

Our machines are making packages with practically every known form of packaging material—plain Cellophane, printed Cellophane, printed paper wrappers, glassine, foil, cardboard, etc.—and in a multitude of forms.

Lower Costs with Modern Machines

A package improvement does not necessarily mean increased cost. Indeed, the very machines which make the improvement possible, often lower costs because of their higher efficiency.

Consult Us

With our wide experience, and intimate knowledge of modern trends, we can give you real assistance in carrying out your package improvements. Consult our nearest office.

PACKAGE MACHINERY COMPANY
Springfield, Massachusetts
New York Chicago Los Angeles
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When writing to PACKAGE MACHINERY COMPANY please mention Nation's Business

What Customers Can Tell You

By WILLIAM J. REILLY

Of the William J. Reilly Company

"MY PRODUCT is the best in the world," screams John A. Manufacturer in a full-page ad. "Says you!" is the consumer's comeback.

But Mr. Manufacturer doesn't hear because he doesn't give the consumer a chance to talk back.

Frequently he doesn't even know who the consumer is and where he lives. His representatives are calling on wholesalers and perhaps retailers, but they never meet the person who *uses* the product. It's incredible that the master minds in marketing know so little about their markets. I've asked manufacturer after manufacturer, "Who uses your product and what do they think of it?" Very few really know.

In a recent business conference I listened to a heated argument over what magazines should be used to advertise a certain product. After both sides had gotten tired and the meeting was about to break up, I asked the same old question:

"Who uses your product and where do they live? Maybe that would have something to do with what magazines are to be used—if they are to be used at all."

There was a thunder of silence. No one knew. One man said his wife used it. Another mentioned his friend in the country. A third said that the upper classes use it, and then an entirely new argument boiled between him and the "head man" who contended that "everybody" used it.

The next morning I was out letting housewives tell me how to run the business.

I couldn't believe what they said—that the product wasn't any good for the purpose recommended in most of the advertising—that was the only purpose they didn't like the product for—that they were using it for an entirely different purpose.

I got on a train and went to another city. Housewives told me the same thing there. Then in still another city, the same story.

I came back to the office and found out that it's hard to convince an "experienced" man of anything unless he thought of it first.

He called me a liar. So I invited him

★ **PERHAPS** you think you know all about your product, what it is good for, who buys it, and so on. But quite likely you don't. Mr. Reilly tells here what happened to several other business men who thought the same thing but took the trouble to ask consumers what they thought about it

to go out with me, talk with some housewives and learn all about it from them. This he did. And saw the light. It was the first time in his business career that he had ever gone out and talked with his market. He was all upset.

The whole thing reminded me of the time a landscape painter told me that grass (as a rule) isn't green. I laughed. I had seen lots of grass. He took me out in the field, bent me over and told me to look through my legs at the grass and tell him what color it was. It wasn't green at all. It was three or four different colors.

Consumers help manufacturers

IT'S pretty hard for any manufacturer to let the consumer take pot shots at his personal opinions. But when he does, he nearly always gets an earful. What he finds out is usually so simple and elementary that he has never given it any thought. For example, here's what a consumer told a sheet manufacturer:

"Why, your darn sheets are not long enough to go around a mattress. The mister's feet come out at the bottom of the bed every night."

He said she was crazy. To prove it he took the trouble to get the measurements of a standard mattress and was knocked for a complete loss when he found that his sheets really weren't long enough to be securely tucked under and still provide room enough for a person's feet.

This sheet manufacturer is now making longer sheets. And sales are up—thank you.

A cooking fat manufacturer was telling housewives in his advertisements how wonderful his product was for making biscuits. But when he gave Mrs. Consumer a chance to talk back, she told him:

"Don't tell me your product is wonderful for biscuits. You tell me to keep it in the icebox. I come downstairs in

the morning and pull that stuff out of the icebox and try to mix up some biscuits for breakfast, and it's hard as a rock. It won't mix."

So the manufacturer made his product easier to mix at icebox temperature.

Consumers are just bubbling over with suggestions but so few manufacturers give them a chance to express themselves.

I know a manufacturer who really had something to crow about. Customers told me that his product was the best that could be bought. But the manufacturer didn't know it. He had been going along year after year doing a fairly good business. But he didn't know his own strength.

A more alert manufacturer of a competing product talked with customers. He found out how good Mr. Dull Manufacturer's product was. So he asked Mr. Dull how much his business was worth—plant, machinery, product, trade mark, and all.

After studying for several weeks, Mr. Dull reported that his business was worth at least five million dollars but that he didn't know whether he'd sell for that. Mr. Alert said, "I'll give you six million dollars."

The Alert Manufacturing Company made a net profit of three million dollars on that product the first year! This year Mr. Alert expects it to be his leader.

A lot of manufacturers have something to crow about but don't know it. And it's just too bad if their competitors find it out first.

So many manufacturers make things too hard for themselves. They try to grab inspirations out of thin air.

Smart manufacturers go out now and then to knock at doors and to get a load of "back talk" from consumers. Whether you think so or not, the consumer is the "head man." He's the president, the board of directors, the whole works. Because it is he, in the last analysis, who dictates your policies and tells you how to run your business.

Making Hard Times Bring Tenants

WHEN owners of old buildings in Oakland, Calif., found renters slipping away to occupy newer structures, they adopted a program which, although it cost some money, is proving a wise investment

DURING the present period of retarded business activity much interest has developed among property owners and builders in the possibilities of bringing business buildings of sturdy underlying construction up to modern standards by alterations that combine a pleasing appearance with a comparatively low financial outlay.

With low wages prevailing and many skilled men out of jobs, the labor cost for such work is lower than it has been in years. If the location is good and the building fundamentally valuable, the banks can make the financing possible by sound loans. The Downtown Property Owners' Association of Oakland, Calif. has demonstrated the results to be obtained by such a program.

The Association and the individual property owners comprising its membership, most of whose holdings were in the older business section of Oakland, faced the problem of holding their tenants against the competition offered by newer buildings.

Rents were down everywhere and the owners of the new buildings were reducing the cost of leases to a point where the inducement of cheaper rents in the older buildings was negligible. Further reductions by owners of the older buildings resulted in a return from the investment that in some instances was insufficient to meet the taxes. Obviously the only thing to be done was to replace the obsolete structures or remodel them so that they could compete on more nearly equal terms with newer structures.

The Association appointed a committee of property owners to study the problem. An architect was appointed to examine the various buildings and to advise the committee upon the possibilities and the approximate cost of alterations.

Plans were worked out and architects' drawings showing what could be done in the way of effective alteration were submitted by the Property Owners' As-

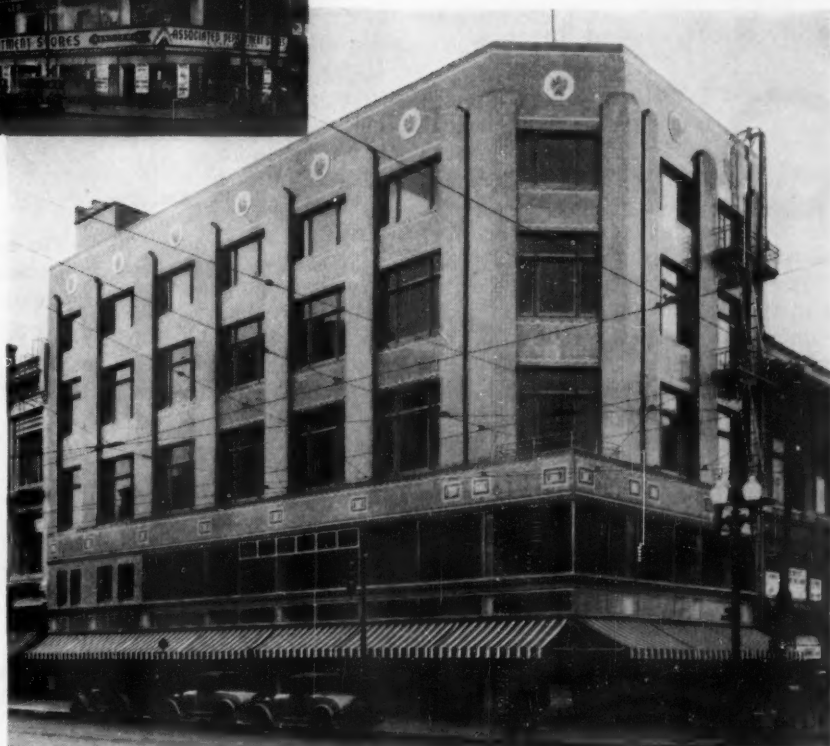
sociation to the individual owners of five or six buildings.

Owners of two of the buildings first selected for study were so favorably impressed that financing was arranged, contracts let and the work begun within a few weeks. Both of these buildings have been completed. One of them is a two story building used for stores and offices. The window trim, cornices, cement quoins and all superfluous projections definitely dating the original construction of the building were removed.

The change is striking. The cost was considered low and a further advantage resulted from the speed with which the work was completed. The entire alteration was finished within 30 days reducing the inconvenience and loss of business for tenants usually incurred when alterations are made.

The second building, a five story department store, was completely refaced with encaustic tile. Plate glass was reset with chromium plated bars. The entrances were finished with tile floors and ceiling panels. Before the scaffolding was removed the owners received an offer for the lease of the building. They have received several other offers since. Before remodeling, this building had stood idle for more than a year.

J. H. King, director of downtown development, of the Downtown Property Owners' Association of Oakland, and under whose direction the program is being worked out, states that half a dozen more projects are being worked out and that two have received the approval of owners who are now making final arrangements before letting the contracts.



As it looked above, this building stood vacant more than a year. A prospect appeared before remodeling was completed

M. L. COHEN CO.

The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



Business conditions
as of November 1

BUSINESS presented a checkered appearance in October, while in early November it either marked time pending the election or, as in the case of commodity prices, sagged lower

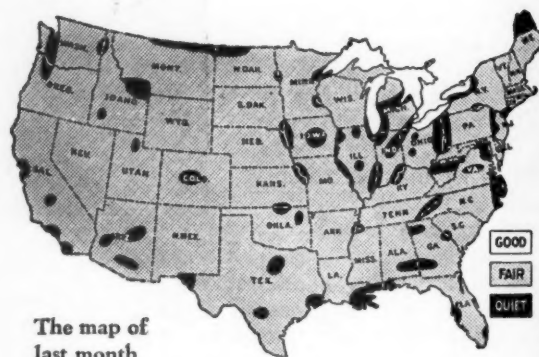
OCTOBER was a month of cross currents with bearish elements tipping the scale. Early November, however, seemed to hold forth the idea that the backswing had spent its force and that a rally was in order. Preelection activities exerted rather more than usual influence; security and commodity prices declined rather markedly until well into November, with farm products and their derivatives showing most effects. Wholesale trade particularly marked time pending clearer views of the outcome. Retail trade, affected by spells of warm weather, sagged slightly.

On the other hand the effect on industry was rather slight. Some heavy lines such as iron and steel gained ground; carloadings expanded more than seasonally and railway earnings showed marked improvement over the dullness of last summer. All in all, the situation may be said to have indicated a levelling off in which some favorable features appeared.

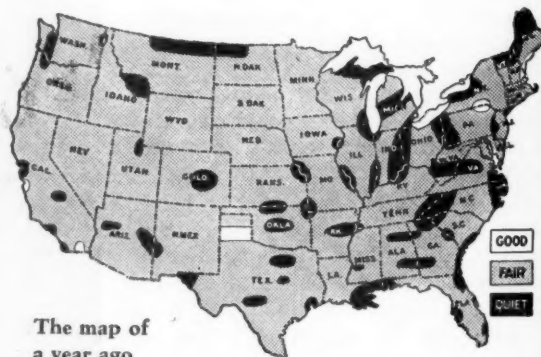
Although bank suspensions were rather numerous, these embarrassments, as well as regular commercial failures, were fewer than a year ago and signs were that credit conditions were loosening up a little. Money rates showed marked ease. Collections were slower than in September but trade and industry as a whole were still well above earlier low levels.

The textile industries and their sub-divisions, wholesale and retail, retained their earlier leadership and employment and pay rolls in these and other seasonal lines gained.

Rural trade seemed more depressed than city business; this



The map of
last month



The map of
a year ago

Evidence of the gradual improvement in general business is had in the continued contraction of the deeper shadows on the business map

not because of large current crop yields but of heavy carryovers of leading grains and light export trade interest. Wheat prices in late October and early November broke to new low levels; corn, oats and rye were at the lowest since the middle 'nineties; and hogs, among the pioneers in the upward price movement, lost all their June and July advances. Beef cattle and hogs were still below the 1931 level.

Light industries do well

OF THE textiles, cotton goods showed the most resiliency in manufacture but the down trend in the raw material in October affected prices in the goods market.

Continued good export trade in raw cotton helped the rally in the country's out-bound trade. Domestic use of cotton still exceeded a year ago. Silks did relatively well in September but October saw a reduction in mill takings. Shoes were among the called-for products, although production was below earlier months.

Crude petroleum showed a drop in output with a stiffening of prices. Many men returned to work in the central coal field—at lower wage scales.

The automobile trade was quiet, following the year's lowest monthly output in September. October work was mainly in output of new models. Building showed a slight upturn but value of work permitted for was still well below a year ago.

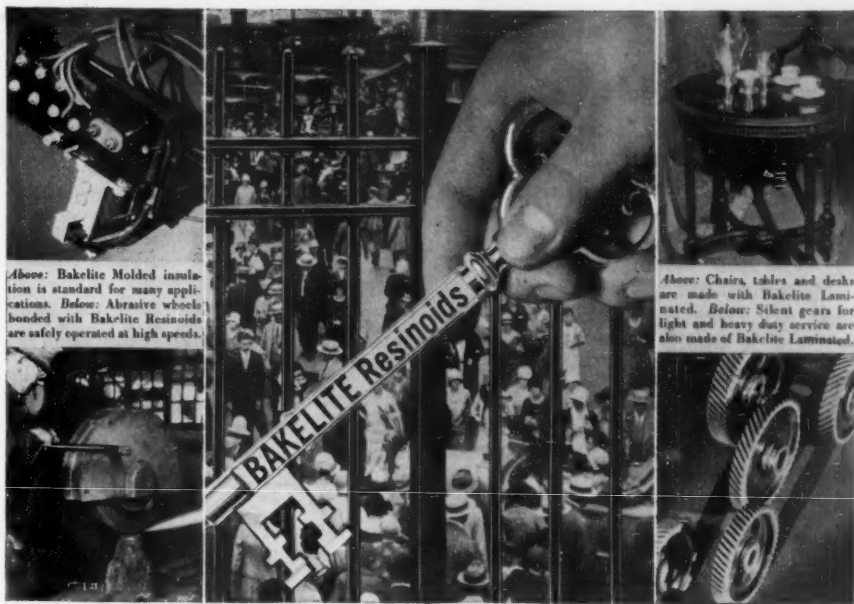
Wheat hurts agriculture

THE importance of wheat in the agricultural scheme was shown in October when prices dropped ten cents a bushel at Chicago and Winnipeg future markets.

Except for a slight margin above the low of a year ago in the Southwest, prices were still well below the October, 1931, low. It is possible for dry weather in parts of the Southwest to help save the farmer from himself but winter wheat seeding promises to cover 38,000,000 acres. This is several million acres less than last fall but is still 5,000,000 acres more than was actually harvested this year.

The farmer seems to face the necessity of reducing wheat growing to a purely domestic basis and abandoning export trade or being prepared to bid against the low prices asked by growers on newer, cheaper lands in Canada, Argentina and Australia.

For the present the United States, like Russia, seems out of the export picture. Russia's surplus seems to be needed at home whereas this country holds the largest supply on record with supplies from all export countries about double the estimated requirements of import countries.



Above: Bakelite Molded insulation is standard for many applications. Below: Abrasive wheels bonded with Bakelite Resinoids are safely operated at high speeds.

Above: Chairs, tables and desks are made with Bakelite Laminated. Below: Silent gears for light and heavy duty service are also made of Bakelite Laminated.

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service through laboratory research. To manufacturers, engineers and chemists we offer the cooperation of our technical staff and laboratories in the development of new uses for Bakelite Resinoids, or in the application of Bakelite Materials—Molded, Laminated or Varnish—to their own special needs. To those interested we will mail copies of our booklets describing these Bakelite materials. Ask for Booklets 1M, 1L and 1V.



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On the Business Bookshelf

STUART CHASE'S latest work, "A New Deal,"¹ takes its name from its final chapter. Here he explains what the new deal would be and how it would work. His plan, in brief, calls for socialization of transportation, industry, and distribution. A planning board would be given power to limit new developments that might compete with established concerns. The advantages he sees in this arrangement are that improvements would be introduced more slowly thus avoiding quick obsolescence in competing plants.

In the earlier chapters, Mr. Chase lists questionable ways of getting rich which make the new deal necessary. Although business men, we feel, will agree with him in his attack on dubious get-rich-quick methods, they are likely to feel that his criticisms are more applicable to the humans than to the system.

Readers will probably find the book more interesting than its predecessors. I, at least, found it easier to read.

MR. GRAVES discusses the depression² in two parts, the liquidation, 1929-1931, and the world credit collapse beginning in May, 1931. His discussion of the phases of the depression is remarkably clear, but the last section of the book, discussing the future, is not so clear. He thinks the creditor countries should, with their principal debtors, form economic unions, but sees no way in which this can be done. His last chapter, "Social Planning and the Eclipse of Democracy," pictures our present democracy buried under bureaucratic red tape. However, this burial is not to be in the near future, but, perhaps, a century or two removed.

MR. KILE³ pictures the farm of the future as an efficient organization, not like the corporation farm of the west today, though it may in many cases be a corporation. This future farm is to be highly mechanized—equipped not with just a tractor and power plows, but with mechanical aids throughout.

The farm is to be larger than most farms of today, and sections of it will be handled by individual farmers under

¹A New Deal, by Stuart Chase. The Macmillan Company, New York, \$2.

²The Great Depression and Beyond, by Lloyd M. Graves. The Brookmire Economic Service, Inc., New York.

³The New Agriculture, by Orville Merton Kile. The Macmillan Company, New York, \$2.

the skilled management of the complete unit.

"PLANNING for Residential Districts"⁴ considers a phase of planning which has been too often neglected in city and regional planning. It stresses the effect of planning so that the individual home shall have the greatest value.

The factors considered, Planning and Zoning, Subdivision Layout, Utilities for Houses, Costs, and Landscaping, make the book of value to those intending to buy or build a home as well as to planners and subdividers.

THE "World Economic Survey"⁵ is a record of the various phases of this world-wide depression. Some sections of the survey are brought up to June, 1932, which shows what seems to be the beginnings of world recovery.

MR. JAVITTS, in "Business and the Public Interest,"⁶ advocates a modification of the antitrust laws to allow trade associations in each industry to control output according to demand and to regulate prices. He believes that industrial coordination should be brought about by voluntary cooperation, not by governmental action. He presents a new plan for trade associations designed to accomplish his purposes. His aim is to have industry working steadily at a reasonable profit—neither deficit nor high profit—and to give workers a shorter week and shorter hours.

"THE Holding Company"⁷ is the best book we have seen on the subject. The book is impartial, pointing out both the good points and the weaknesses of the holding company as a corporate form.

⁴Planning for Residential Districts, edited by John M. Gries and James Ford. The President's Conference on Home Building and Home Ownership, Washington, D. C., \$1.15.

⁵World Economic Survey, 1931-1932. League of Nations, Geneva, Switzerland. American agent: World Peace Foundation, Boston. \$2.50.

⁶Business and The Public Interest, by Benjamin A. Javitts. The Macmillan Company, New York, \$2.50.

⁷The Holding Company, by James C. Bonbright and Gardiner C. Means. McGraw-Hill Book Company, New York, \$4.

Holding companies in public utilities and railroads receive most notice.

RICHARD WHITNEY is president of the New York Stock Exchange. William R. Perkins is a New York attorney. The publishers of "Short Selling—For and Against"⁸ have compiled three statements from each and made a book of them. Mr. Perkins was, in his statements, tearing down the work of Mr. Whitney. Mr. Whitney's sections of the book have made slight references to some alleged fallacies in prior pieces by Mr. Perkins, but the book as a whole leaves the impression that Mr. Perkins has not satisfactorily refuted the statements of Mr. Whitney and that Mr. Whitney was not given a chance to refute the later and more vigorous attacks of Mr. Perkins.

"WASHINGTON Swindle Sheet"⁹ is a light and entertaining study of the expense account of the United States Senate. It is no crime, of course, for Senators to make their expense accounts large, but as Mr. Helm suggests time and again, the taxpayers would be benefited if the Senators spent money as if it were their own instead of beneficent Uncle Sam's.

IN "Creative Salesmanship,"¹⁰ one of the latest of Herbert Casson's numerous books on business, the author attempts—and successfully—to answer the question: "What can we do to increase sales without a sacrifice of profit?"

Intended for manufacturers, wholesalers and retailers, it contains more than a hundred practical suggestions which, in the words of the author, "will enable any firm to shape a policy of active, pushful salesmanship."

Chapter headings are descriptive of the contents: Suggestions to Retailers; Suggestions to Manufacturers and Wholesalers; Profitless Selling; How to Pick, Train and Stimulate Sales People, and Thirty-one Instances of Creative Salesmanship.

⁸Short Selling—For and Against, by Richard Whitney and William R. Perkins. D. Appleton and Company, New York, \$1.25.

⁹Washington Swindle Sheet, by William P. Helm. Albert & Charles Boni, New York, \$2.50.

¹⁰Creative Salesmanship, by Herbert Casson. The Efficiency Magazine, Kent House, 87 Regent St., London, W. 1, England, five shillings.

Mr. Roosevelt's Economic Platform

(Continued from page 17)

issues of stocks, bonds and other securities, liabilities and indebtedness, and capital investment and frequent information as to gross and net earnings.

Second—Publicity on stock ownership of stocks and bonds and other securities, including the stock and other interest of all officers and directors.

Third—Publicity with respect to all intercompany contracts and services and interchange of power.

Fourth—Regulation and control of holding companies by the Federal Power Commission and the same publicity with regard to such holding companies as is provided for the operating companies.

Fifth—Cooperation of the Federal Power Commission with public utilities commissions of the several states, obtaining information and data pertaining to the regulation and control of such public utilities.

Sixth—Regulation and control of the issue of stocks and bonds and other securities on the principle of prudent investment only.

Seventh—Abolishing by law the reproduction cost theory for rate making and establishing in place of it the actual money, prudent-investment principle as the basis for rate making.

Eighth—Legislation making it a crime to publish or circulate false or deceptive matter relating to public utilities.

Agriculture

IN HIS speech on agriculture at Topeka, the President-elect talked of a "plan" for the farmer which must have these six points:

First—The plan must provide for the producer of staple surplus commodities a tariff benefit over world prices which is equivalent to the benefit given by the tariff to industrial products. This differential benefit must be so applied that the increase in farm income, purchasing and debt-paying power will not stimulate further production.

Second—The plan must finance itself. Agriculture has at no time sought and does not now seek any such access to the public treasury as was provided by the futile and costly attempts at price stabilization by the Federal Farm Board.

Third—It must not make use of any mechanism which would cause our European customers to retaliate on the ground of dumping. It must be based upon making the tariff effective and direct in its operation.

Fourth—It must use existing agencies and, so far as possible, be decentralized in its administration so that the chief responsibility for its operation will rest with the locality rather than with newly created bureaucratic machinery in Washington.

Fifth—It must operate as nearly as possible on a cooperative basis and its effect must be to enhance and strengthen the cooperative movement.

Sixth—The plan must be, so far as possible, voluntary. I like the idea that the plan should not be put into operation unless it has the support of a reasonable proportion

of the producers of the exportable commodity to which it is to apply. It must be so organized that the benefit will go to the man who participates.

(Mr. Roosevelt did not define his "plan" but rather listed the things such a plan must and must not do. In some comment on his speech there was an assumption that he favored the domestic allotment plan.—The Editor)

Mr. Roosevelt in the same speech proposed these things to benefit the farmer:

First—Reorganize the Department of Agriculture, looking toward the administrative machinery needed to build a program of national planning.

Second—A definite policy looking to the planned use of the land. We already have more than enough tilled land to meet our needs for many years to come.

Third—The reduction and more equitable distribution of taxes.

Fourth—Extend Federal credit to "corporations or individuals which hold farm mortgages, on the condition that every reasonable assistance be given to the mortgagors where the loans are sound with the purpose of preventing foreclosure. . . . Lower interest rates and an extension of principal payments will save thousands of farms."

Fifth—Restore international trade through tariff readjustments.

Banking

GOVERNOR Roosevelt's proposals for the reform of our banking system were laid down in an address at Columbus on August 20. Here is his financial platform:

First—I propose that every effort be made to prevent the issue of manufactured and unnecessary securities of all kinds which are brought out merely to enrich those who handle their sale to the public;

and I further propose that, with respect to legitimate securities, the sellers shall tell the uses to which the money is to be put. This truth-telling requires that definite and accurate statements to be made to the buyers in respect to the bonuses and commissions the sellers are to receive; and, furthermore, true information as to the investment of principal, as to the true earnings, true liabilities and true assets of the corporation itself.

Second—We are well aware of the difficulty and often the impossibility under which state governments have labored in the regulation of holding companies which sell securities in interstate commerce. It is logical and necessary that the full extent of federal power be applied to such regulation.

Third—For the practical reason that the many exchanges in the business of buying and selling securities and commodities can, by the practical expedient of moving elsewhere, avoid regulation by any given state, I propose the use of federal authority in their regulation.

Fourth—The events of the past three years prove that the supervision of national banks for the protection of depositors has been ineffective. I propose much more rigid supervision.

Fifth—We have witnessed not only the unrestrained use of bank deposits in speculation to the detriment of local credit but we are also aware that this speculation was encouraged by the Government itself. I propose that such speculation be discouraged and prevented.

Sixth—Investment banking is a legitimate business. Commercial banking is another wholly separate and distinct legitimate business. Their consolidation and mingling is contrary to public policy. I propose their separation.

Seventh—Prior to the panic of 1929 the funds of the Federal Reserve System were used practically without check for many speculative purposes. I propose the restriction of Federal Reserve Banks in accordance with the original plans and earlier practices of the Federal Reserve System.

Bringing Men and Jobs Together

THE other day a friend of mine overheard two men seated behind him in the train discussing the unemployment situation. One of them said, "For three weeks our bank has been looking for a mechanical engineer and we haven't been able to find the right man yet."

Here was a situation which is not unusual in normal times but which seems remarkable today. With many men of real ability looking for work, this employer was unable to find the type of man needed to fill a vacancy. The problem of bringing the job-hunter and the job together is always serious. Today it is acute.

In the trade association management

field, an effort is being made to solve it. The American Trade Association Executives have organized a voluntary placement committee.

No charge is made for the service and the work is sustained by the voluntary contributions of its members. Although the primary object is to place experienced executives with trade associations, most of the men available have had commercial experience and some have specialized in commercial work.

The men turn into the common files whatever they dig up in the way of leads to any kind of a job. The information is turned over to a man with the necessary experience for his personal follow-up.—M. L. HEMINWAY

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CONVENTION AND VISITORS BUREAU
ASSOCIATION OF COMMERCE, New Orleans
MARDI GRAS - FEBRUARY 23 TO 28

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Roosevelt Talked Business With Me

(Continued from page 16)

come from abolishing activities in which the government had scant reason for engaging in the first place. I have found in New York that it is possible to operate a government for much less money than was spent in more prosperous times."

Then, he added, with conviction, "But to do that without sustained and organized backing in the face of intense objections of organized groups is quite another matter."

"Will business men, among others, stand and be counted when specific issues of economy arise? Saying that they are for economy in principle is all very well, but it does not mean much when they remain discreetly silent in the presence of specific application of that principle."

"Seriously, when a proposal comes forward to cut the patronage costs of the Post Office, do away with unjustifiable federal aid payments to the States, or do any of the other things that any business manager knows should and can be done, will business men create in their home communities and congressional districts the public sentiment required to offset the highly organized demands and political threats of minority interests intent upon preserving particular extravagances from which they benefit? Or will they continue prodding their congressmen and senators to get jobs for their friends, obtain contracts for public buildings, and generally obstruct the path to effective governmental economy? Business men themselves can do a great deal to enforce economy policies if they really want economy."

As I moved to leave, Mr. Roosevelt said, "You asked me what I would say to the 300,000 readers of NATION'S BUSINESS if I could meet them all in one room and talk to them for a few minutes. I think I have told you. The dominant issue is to determine what we are going to do from now on to prevent a repetition of the conditions we have known since 1929."

"Between them, government and business have contributed to the creation and continuance of those conditions. Together, they must correct them."

"During the past decade, we have trod a dangerously long distance from fundamental, common-sense policies on an unfamiliar path of governmental action in economic matters. In some respects we must retrace our steps. In others, we must move boldly in new directions suggested by study of the necessities of the situation."

"We hear much about loss of confidence. That there was such a loss for a time scarcely can be denied. Instead of

exhorting people to have confidence in the policies that lead to their injury, I propose that we move courageously, both in government and in business, to correct the errors of judgment, the excesses, and the abuses in the face of which general confidence could not conceivably have been sustained."

"A better understanding between government and business must precede the solution of many current economic problems. Business cannot solve them alone. Neither can government. Each, acting with full vigor in its proper sphere, must cooperate intelligently with the other to restore conditions which really justify confidence in the judgment and integrity of our political leadership; to revive our business activity, and to safeguard the welfare of the nation as a whole."

With that thought closed a chat—certainly no formal interview with studied answers to direct questions, but rather the easy discussion one would associate with an evening in front of a log fire—with a man of striking characteristics. As other callers have remarked, the impression of the man himself—his friendliness, his smile, his intense manner, his invariable mental habit of thinking of even the dullest problem in the terms of its human causes and human effects—lingers and grows even after his particular declarations have receded into the background.

Value of Keeping Calm

THE eagerness with which big executives look for young men who can act with cool efficiency under strain, is indicated in a story about the late Henry P. Davison recalled by his son, Assistant Secretary of War F. Trubee Davison.

One sunny morning when Henry P. Davison, then a mere youth, was paying teller in the Astor Place Bank in New York, a man with a wild gleam in his eye, walked up to the window, leveled a cocked pistol at him, handed him a check for \$10,000 made payable to "Almighty God!" and called for the cash. Davison, unhurried and imperturbable, read the check loudly enough to give others in the bank an intimation that something was wrong, and reached for the money. While he was counting it, the bank guard, taking the crank from behind, caught his arm and twisted it upward. The gun went off, putting the bullet into the ceiling.

Directors of the Liberty National Bank, hearing of the incident, sent for Davison and gave him a job as assistant cashier.—J. H.

Menace of Bureau-Made Laws

EXTRACTS from the argument of
 NEWTON D. BAKER for the plain-
 tiff in the case of the *Appalachian
 Electric Power Company against the
 Federal Power Commission.*

IF HAVING the power to regulate a subject gives any government in the United States the right to say to a citizen, "I have the power to regulate your commerce and I propose to use that power to extort from you, without the payment of compensation which the Constitution requires you to have when I need your property for public purposes, your property as the price of the regulation which I am going to exercise upon you," then the whole system of government ordained by the Constitution has changed. . . .

Nothing has so much characterized the recent development of the institution of free countries, and I am speaking now at the moment primarily of England and the United States, as government by administrative tribunals. We used to have the functions of government divided into the three classical divisions, the legislative, executive and judicial, and that was supposed to be almost as sacred as a part of Holy Writ. By gradual processes there came to be included a fourth division. If the lighter touch may be permitted, it is almost as nebulous as the fourth dimension which Einstein has introduced into the system of measurements by coordinates, but nevertheless there it is.

Congress has found that in the scheme of its legislative activity it wants to legislate for situations without having the time to stop and discover all the situations to which it will apply and therefore it passes laws which say that whenever a situation arises which contains certain elements, enumerating them, the law shall be so and so, and we will create a fact finding agency which will determine when those prerequisites are found in conjunction.

After a while these agencies were finding that they needed to add something to what Congress had said by way of general legislation in order to apply the law, to make it work, and there grew up the practice, both in England and the United States, of conferring upon the administrative tribunals the power to make rules and regulations that had the effect of statutes, and now we are having, both in England and here, a growth of this administrative function which is neither legislative nor judicial.

It has been held in many instances that some of its features do not involve a delegation of legislative or judicial

power but merely fact finding agencies to determine the applicability of rules of law.

Lord Chief Justice Hewart of Great Britain, who is one of the greatest living lawyers, has recently written a book called "The New Despotism," in which he undertakes to warn Great Britain—we will leave United States out for a moment—that the growth, the accretion of power, the absorption and the enlargement of function that is going on in these administrative tribunals is robbing Parliament of its legislative power and seeking more and more to cut off the judicial power of the courts to protect the rights of private citizens.

Protection by courts

FORTUNATELY we do not have to be very much alarmed about it in this country because Mr. Jackson [Raymond T. Jackson, Mr. Baker's associate] read to Your Honor yesterday that ringing declaration by Mr. Chief Justice Hughes¹, which I think will never be changed as long as the present Constitution governs this country, that where the facts out of which a claimed constitutional right arises are to be determined, they may not be conclusively determined against inquiry and review by the courts by any administrative tribunal whatever. If I walk into this court and say to Your Honor that I claim a constitutional immunity or privilege or right, no one from the Congress of the United States down to the last created administrative tribunal, can say "If Your Honor please, I have determined against him the facts on which his claim of right exists." Having to determine that right and protect it, the courts of the United States determine the factual basis.

So that when Mr. Thompson [Huston Thompson, Special Assistant to the Attorney General] undertakes to say with somewhat inconsistent eloquence, it seems to me, in one breath that the findings of this Commission are unreviewable by the courts or by anybody else, he overlooks the fact that the findings of that tribunal on a question of fact are the very basis upon which we claim our constitutional rights rest.

¹The recognition of the utility and convenience of administrative agencies for the investigation and finding of facts within their proper province, and the support of their authorized action, does not require the conclusion that there is no limitation of their use, and that the Congress could completely oust the courts of all determinations of fact by vesting the authority to make them with finality in its own instrumentalities or in the Executive Department. That would be to sap the judicial power as it exists under the Federal Constitution, and to establish a government of a bureaucratic character alien to our system, wherever fundamental rights depend, as not infrequently they do depend, upon the facts, and finality as to facts becomes in effect finality in law.—Chief Justice Hughes in *Crowell vs. Benson*, 285 U. S. 22.



THE JEWELS

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One of the fundamentals—if an accurate and continuous record is to be made by a watchman's clock—is that the clock keep time. That is the reason that the Detex Movement is jeweled and fitted with Breguet hairspring, compensating balance with regulating screws and shock-resisting balance pivots. Only such a movement could be expected to keep time under the arduous duty of watchclock use.

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Office of the President

TO ALL DEPARTMENT HEADS

I think it is time to revise our policy governing the purchase of new machinery and equipment.

While we have been postponing replacements wherever possible and avoiding new purchases, and for that matter all others in our line, This has made for an accumulation of equipment needs which sooner or later must find outlet in a rush of orders.

As I view equipment prices at this level the possibilities of advance seem to me to exceed those of decline. We have been bending every effort to keep in a strong, financial position. Let us now use the opportunity this gives us to be ahead in getting our orders in for what we need and have been holding off buying.

Our ordinary running expenses are well under control. Our next concern is to decide what shall do about every piece of out-of-date, best, inefficient machinery and all of equipment which is holding our costs up.

WITH many firms further cost reduction now depends on a courageous decision to release orders for new, improved machinery. But sound purchases need not impair working capital nor upset plans for keeping liquid.

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Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

NEW YORK, NOVEMBER 10
HOPES of better business found no reflection in activity on the Stock Exchange through late October and early November. The last day of October saw the smallest sales of any full day in eight years. Lacking any better reason the sluggishness was laid to the approaching election which is always a fair excuse.

Hesitation over buying either for speculation or investment might be found in the still unsatisfactory business situation. The public was still being told that things were better, that the "outlook was brighter" but most of the definite assertions were that things had stopped going down or were going down more slowly.

WHAT effect will the experience of the last three years have upon the public faith in common stocks as an investment? That is a question a good many men in the financial district have been asking.

It will be recalled that some eight or ten years ago there was a considerable discussion of the topic. Charts were drawn, speeches were made and books were written to show that common stocks were the proper long-term investment for everyone. A leading factor in this propaganda (the word is not used in a critical sense) was a book by Edgar Lawrence Smith published eight years ago this month.

The book carried the result of a number of tests of common stock holdings over considerable periods and formulated this law:

Over a period of years, the principal value of a well diversified holding of the common stocks of representative corporations, in essential industries, tends to increase in accordance with the operation of compound interest.

Such stock holdings may be relied upon over a term of years to pay an average income return on such increasing values of something more than the average current rate on commercial paper.

Here's one of the tests cited in Mr. Smith's book going back to 1906:

Common Stocks	No. of Shs.	Pur. Price	Amt. Invested
Pennsylvania R. R. (50).....	15	72	\$1,080
U. S. Steel Corp.	25	43	1,075
Amalgamated Copper	10	110	1,100
American Tel. & Tel.	7	141	987
Standard Oil	1	697	697
Consol. Gas Co. (N. Y.) ..	5	181	905
Pullman Co.	4	244	976
General Electric Co.	6	178	1,068
Internat. Mercantile Marine....	79	13	1,027
Corn Products	57	19	1,083
Total Investment			\$9,998

These stocks cost \$9,998 in January, 1906, and were worth \$14,135.25 on December 29, 1922. What are they worth now? It would be hard to say since consolidations, split-ups, stock dividends, would all have to be reckoned with. To compare the one share of Standard Oil of 1896 with the various shares into which it was divided would call for some research, but some ardent statistician might like the job. A glance at the Stock Market page may give the ordinary man an idea.

CERTAINLY faith in common stocks for the small investor for long-term holding must have got a jolt in the last three years. A great mass of the buying of the pre-crash period was not investment buying but pure gambling. Everyone bought "for the rise."

SOME years ago Samuel Vauclain, then president of the Baldwin Locomotive Company was talking with me about various ideas of bettering employee relationships including the sale to workers of stock on easy terms and at low prices. Suddenly Mr. Vauclain stood up, waved a powerful arm out toward the workshops and said:

"There isn't a man out there who ought to own a share of Baldwin Common. There are other way for them to invest their money—savings banks, building and loan associations and so on. If I buy Baldwin and it goes down I try to be cheerful. If one of our workmen buys Baldwin with our help and it goes down he's apt to be resentful."

ALEXANDER DANA NOYES has been a financial editor of one or another leading New York paper for more than 40 years. He saw, and described, the country slip down into the depths in 1893, in 1897, in 1907. He saw business go down and come up. He saw it take its deepest (until 1932) decline in 1921 and shoot up almost as fast as it came down. So when he lists these eight reasons for believing that we are recovering, he speaks with experience:

1. The recovery of nine per cent in three months in commodity prices.
2. Retardation of the decline in railway traffic.
3. Increase in textile production.
4. Acceleration of increase in steel production.
5. Decline in bank failures.

6. Return to circulation of hoarded money.

7. Recovery of gold withdrawn by European creditors.

8. General increase in world's gold production.

ALL these things are important, yet as one reads them over most of them seem remote from everyday life, to have little to do with the ordinary buying and selling which to most of us is business. On the same day that the New York Times published Mr. Noyes' eight points for proving recovery its front page recorded:

"Grains Drop to Lowest Values on Record," and to the average reader that seems to affect all the eight points.

YET, every man with whom I have talked in the last three or four weeks insists that recovery is under way. The head of the statistical department of a great industry put it this way:

"I have seen enough to make me feel sure that we are in, or have passed, the trough of the depression—the latter I think. But that doesn't make the recovery visible to the naked eye. The trained observer knows from the rising glass, the shift of the wind, the lessening of its velocity, that the worst of the storm is over long before the sun is out. I think that in the spring of 1933 we shall begin to say confidently to each other: 'Well good times are on the way back, aren't they?' But between this November 1 on which date I'm talking and that hoped-for spring is a 'winter of discontent' still to face."

THE man whom I've just quoted didn't look for a rapid recovery even by spring. He thought that it would take a long time, years perhaps, to get back to the level of 1925 to '28.

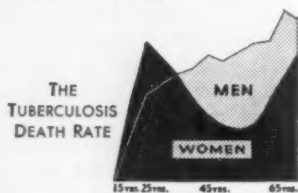
ANOTHER economist of equal note disagreed. He sees a sharper rise, another boom and a drop to greater depths than we are going through. Most of us hope the second man is wrong.

A PHRASE in frequent use in business circles has been: "This country has too many banks and not enough bankers." The first complaint is being remedied partly by consolidation and merger,



Flatten the Peaks

Needlessly, year after year, tuberculosis takes its great toll. No other disease kills as many persons in the most productive period of life—15 to 45. Examine the peaks. Startling? Yes, for tuberculosis can be avoided and cured. Help flatten these peaks. Your health tomorrow may depend on your assistance today.



THE NATIONAL, STATE AND LOCAL
TUBERCULOSIS ASSOCIATIONS
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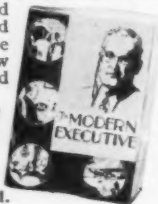
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mainly by failure. At midyear of 1932, there were 19,046 banks and trust companies in the United States and since that time more have failed than have been founded.

There were in 1921 about 31,000 banks and trust companies in the United States, one to every 4,000 population. Now we're down to one for every 6,000 or more, a better figure but it may well be argued that we still have too many banks. It's a fair guess that we shall have fewer rather than more banks in proportion to the population in the future.

The death of a bank is painful to stockholders and depositors but it may be good for the general welfare.

IF Wall Street hasn't had a great deal to do lately, it has had plenty to talk about. The week before the United States Steel directors decided not to cut the preferred dividend was full of gossip on that subject. Opinion was divided. Steel has usually managed to keep its dividend plans pretty much to itself and this time was no exception.

Chairman Myron C. Taylor in July virtually told stockholders that if steel trade conditions did not improve no further dividends would be paid on the senior shares. Conditions did improve. Steel operations moved up from 11½ to 19 per cent of mill capacity. But the Big Corporation dropped \$20,871,000 in the September quarter alone, the heaviest deficit of the depression period. Wall Street was divided 50-50 in its forecasts with respect to the dividend, but the directors voted to pay, thus adding \$6,305,000 to the deficit.

SECOND in importance among Wall Street topics was the meeting at City Hall, at which Charles E. Mitchell, head of the National City Bank of New York, talked like a Dutch uncle to the executive family of the city.

The Mayor, Controller, *et al.* apparently had been figuring on the banks as an inexhaustible source of funds from which they could draw at any time. There was a little incident of economy pledges and promises to cut payments which had completely escaped the memory of the City's Estimate Board. Some of these pledges and promises had been made by Mayor Walker.

"Cut your budget or go elsewhere for your money," said Mitchell, politely but firmly.

NEAR the end of 1931 a banker made this pertinent observation.

"We shall have every reason for gratitude if 1932 treats us as well as did 1931. In fact, it is an almost certainty that 1932 will be a bad actor."

How accurate was his forecast has been repeatedly emphasized in the statistical record of the year, in employment, in bank clearings, in car loadings, in corporation earnings and finally in the untold misery and suffering attributable to this terrific slump in world-wide industry and trade. It is noticeable, however, that, as the year advanced, comparisons with corresponding periods in 1931 were less drab and dreary, indicating anew that the country was slowly but surely digging itself out.

In a year in which General Motors Corporation can earn only eight cents a share in nine months; the United States Steel Corporation uses up \$55,000,000 of its surplus in the same period and Westinghouse Electric Company loses millions of dollars from general operations, not so much can be expected for the concern which has no surplus to fall back upon.

THE United Fruit Company has cut down the book values of its fixed properties by \$51,000,000. It has also cut down the appraisal of its materials, merchandise loans, etc., by another \$3,000,000. That means that deprecia-

Where Business Will Meet in December

DATE	ORGANIZATION	PLACE
1	National Society of Live Stock Records Associations.....	Chicago
1-2	American Railway Development Association.....	Chicago
2-3	American Association of Textile Chemists and Colorists.....	Greensboro, N. C.
2-10	National Standard Parts Association.....	Detroit
3	Granite Manufacturers and Quarriers Association.....	Barre, Vt.
3-5	National Warm Air Heating and Ventilating Association.....	Washington
5	Association of Asphalt Paving Technologists.....	New Orleans
5	National Boot and Shoe Manufacturers Association.....	New York
5-7	American Farm Bureau Federation.....	Chicago
5-8	Mason Contractors Association of United States and Canada.....	London, Ont.
5-10	National Exposition of Power and Mechanical Engineering.....	New York
6	American Institute of Weights and Measures.....	New York
6-8	National Glass Distributors Association.....	Pittsburgh
7	American Dairy Federation.....	Chicago
7-9	American Institute of Chemical Engineers.....	Washington
12	Mountain States Honey Producers Association.....	Boise, Idaho
12-14	National Automotive Parts Association.....	Detroit
14	Malleable Iron Research Institute.....	Cleveland
27	National Association of Accredited Commercial Schools.....	Chicago
29-30	American Statistical Association.....	Cincinnati

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.

tion, if reckoned as in former years, will be some five millions a year less—which will help earnings.

Of course, this new valuation has no effect on the company's assets. It's

merely a readjustment of their probable price in view of changing times. It's a tightening up of the belt for a hard race ahead and it's in line with the policy of other large companies.

Our Effort to Balance the Budget

(Continued from page 32)

All of the groups which have plans for solving the depression or of alleviating unemployment distress by means of federal appropriations—such as immediate payment of the bonus, the \$5,000,000,000 bond issue for public works, unemployment insurance, the bolstering of farm prices, the easing of farm mortgages—will have to be heard. Their onslaughts have less importance in this discussion, however, than might be generally supposed. Any such projects would be financed by debt transactions outside the ordinary budget. They might jeopardize the Government's credit, but they would not require the immediate levy of large, new taxes.

Recall also that much of last spring's economy legislation—such as the payless furlough—lapses next June unless it is renewed by positive enactment. That issue must be fought out again in connection with the 1934 budget.

Any calculation concerning 1934 expenditures is a guess. Too many battles have to be fought and decided. One large-scale move could knock any advance estimate into a cocked hat.

Nor can much be said concerning the 1934 yield from existing taxes. For example, the gasoline tax will lapse June 30, and its reenactment would arouse as determined resistance as almost any single proposal that could be made. There will be agitation by various groups seeking either to moderate or to increase still further the already high rates of income tax. There will be a move to substitute a manufacturers' excise tax for the special excises voted last spring, or perhaps superimpose it on the excises. Many congressmen have pledged themselves to the manufacturers' tax. But three months is an impossibly short time for a major revision of tax laws.

In the matter of new tax legislation, there will be strong counsel to "stand pat," to see a little more of what existing taxes will produce, a little more of what expenditures will be voted, and a little more of whether business recovery will materialize. With any perceptible business upturn, the present laws would yield a flood of revenue. They are enormous potential producers. A substantial rise in business volume would bring in more money than almost any new or increased tax that could be levied.

The chances appear to be that, except for some amendments of existing laws, Congress will do little or nothing about taxes in the short session, leaving to a special session of the new Congress any revision which later may become imperative.

—MORRIS EDWARDS

Statement of Ownership

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of Nation's Business, published monthly at Greenwich, Conn. and Washington, D. C. for October 1, 1932.

City of Washington, County of District of Columbia, ss. Before me a Notary Public in and for the state and county aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of Nation's Business and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Chamber of Commerce of the U. S., Washington, D. C.; Editor, Merle Thorpe, Washington, D. C.; Managing Editor, J. W. Bishop, Washington, D. C.; Business Manager, J. B. Wyckoff, Washington, D. C.

2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors. The officers are as follows: President: Henry I. Harriman, Chairman of the Board, New England Power Association, 20 Somerset Street, Boston, Mass. Vice Presidents: Matthew S. Sloan, 2 Montague Terrace, Brooklyn, N. Y.; Julius P. Fishburn, President, Times-World Corp., Times Bldg., Roanoke, Va.; Felix M. McWhirter, President, The Peoples State Bank, Indianapolis, Ind.; F. Peavey Heffelfinger, Vice President & General Manager, Monarch Elevator Co., 317 Chamber of Commerce Bldg., Minneapolis, Minn.; Nathan Adams, President, First National Bank in Dallas, Dallas, Texas; Paul Shoup, Vice Chairman, Southern Pacific Co., 165 Broadway, New York, N. Y.; Treasurer: Oscar Wells, Chairman of the Board, First National Bank, Birmingham, Alabama. Secretary: D. A. Skinner, Chamber of Commerce of the U. S. A., 1615 H St. N. W., Washington, D. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

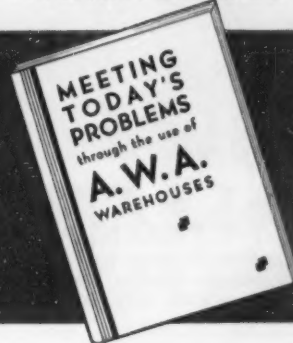
MERLE THORPE
(Signature of Editor.)

Sworn to and subscribed before me this 5th day of October, 1932.
(Seal) WALTER HARTLEY
(My commission expires Sept. 15, 1937.)
Notary Public, District of Columbia

Stop Branch House Losses

BY USING

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WAREHOUSES



HERE'S sound advice for manufacturers whose shrinking sales volume has caused branch house losses. **Close your branches, and use A. W. A. Warehouses instead!** You can have all the advantages of expert branch house organization—yet confine your expenses to the actual volume of goods moving!

A. W. A. Warehouses, located in 189 principal American cities, will store and handle your goods just as your own branch warehouses would do. All the usual warehouse functions—storage, repacking, rebilling, car loading and trucking—will be performed by experienced help. Your sales agency will be relieved of the responsibility of supervision over clerical and laboring help... permitting your branch manager and his sales staff to concentrate on their proper duty—**selling your goods!**

You have no lease, no labor pay-roll, no expenses beyond those of handling goods which actually move! Your costs are based on the number of units of your goods that are handled. You pay on a "piece work basis" for goods actually stored or distributed. Such flexibility in controlling costs enables you to make important savings; and relieves you from the enormous cost of a fixed, inflexible branch house overhead.

Full details of the A. W. A. Plan of Distribution are contained in our 32-page booklet, sent free on request. Write today for your copy.



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Editor of Nation's Business

is on the air

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EASTERN STANDARD TIME

Competition of Cheap Currency

AMERICAN manufacturers in recent weeks have complained against the competition of merchandise imported from countries having depreciated currencies. The President of the United States and the Secretary of Commerce have both drawn attention to this problem, the President instructing the chairman of the Tariff Commission to investigate competition in a number of important lines affecting many sections of the country.

Shortly after Great Britain and other countries departed from the gold standard in the fall of 1931, the National Chamber, through its Western Division meeting in Spokane, directed attention to the danger this might bring to American industry. The views of the Western Division were upheld by the Chamber's Board of Directors in January, 1932, and the Chamber's Executive Officers urged emergency legislation before the appropriate House Committee in the last session of Congress. The Annual Meeting in May also urged passage of this legislation.

Legislation was not enacted, due largely to the Tariff Commission's belief that prices in the depreciated currency countries would right themselves to the extent of the depreciation. This, however, has not occurred, as has been

brought out strikingly in a report of the Foreign Commerce Department Committee of the Chamber recently made public. That Committee has analyzed the competitive advantage gained by depreciation in those countries whose currencies are not near par, and has indicated the type of new legislation which, in its opinion, is needed to combat that competition.

The Committee does not see adequate remedy in the existing flexible tariff and anti-dumping legislation. It proposes that, in the case of countries having currency depreciation of five per cent or more, there be new charges sufficient to compensate for the amount of depreciation for all imports dutiable or free, except products not produced in the United States in recognized commercial quantities or which it has been the policy of the Congress to exempt from duty irrespective of competition.

Further, *ad valorem* duties, the Committee thinks, should apply not to the depreciated currency value, but to the depreciated value plus a compensating charge equal to the amount of the depreciation. If, in any country, domestic prices and wage scales have risen since the currency was depreciated, this would be considered in setting the compensating charges.

Through the Editor's Specs

(Continued from page 7)

jousting with shadowy forces "who would undermine the American merchant marine." Well, Don Quixote, we stand at attention. Who are these sinister spoilers of our life and liberty? Of them, the respected Chairman says: "I think sometimes we do not realize how powerful are the forces now at work. The recent intensive drive for curtailment of government expenditures has given them a new line of argument. Present indications are that during the coming Winter they will launch a major attack."

But it looks as if the cavalry will get to the frontier fort in the nick of time, for the chairman says that "with your help and with the help of other supporters of the merchant marine, we shall repulse the attacks of those who would destroy us."

cents and then spend any or all of the ten dollars if the clerk suggested the purchase of any other merchandise. The results of this experiment were:

Store Number	Spent	Returned
No. 1	\$.50	\$ 9.50
No. 2	.60	9.40
No. 3	1.89	8.11
No. 4	.25	9.75
No. 5	.25	9.75
No. 6	5.13	4.87
No. 7	.50	9.50
No. 8	.40	9.60
No. 9	.30	9.70
No. 10	.50	9.50
Total	\$10.32	\$89.68

"Here were ten persons with \$100 to spend," concludes the Trust Company, "—needing only an invitation. They themselves asked for \$5.00 worth of merchandise and the ten salespeople collectively asked them to spend \$5.32 more—a total of \$10.32. In each case the buyer displayed his ten dollar bill, made leading suggestions that he was undecided as to what he wanted or how much he wanted to spend and wandered about the store before and after the purchase was made looking at

IT ALL amounts to more energetic selling. A bit of evidence comes from Harry B. Chase, Rochester, N. Y. The Security Investment Company of Riverside, Cal., gave each of ten employees a ten-dollar bill. Each was assigned a business block from which to select a business house. Each was instructed to go in and make a specific purchase of some article costing from 25 to 50

other goods. In only two cases out of the ten did the clerk suggest any other purchase. We believe this clearly shows that more merchandise can be sold to the mutual advantage of the customer and the store. But because we have fallen into the lethargy of believing that there is no business to be had we do not really try for it."

CHAIRMAN STONE, of the Federal Farm Board, states that if the stabilization features of the Farm Board Act are repealed it will set back agriculture 20 years.

Twenty years ago wheat was selling for 89c; corn 65c. Is the Chairman issuing a warning or making a promise?

LOUIS A. HIRSCH, president of the National Association of Uniform Manufacturers, concluded his testimony concerning uniform shops at military depots before the Shannon Committee investigating government competition with private business, with the question: "Do we send them to West Point to become tailors?"

WHAT would you do if, after serving on a chamber of commerce tax committee which demanded retrenchment in municipal pay rolls and other expenditures, you received from a group of public employees a letter containing an implied threat to boycott your business unless you ceased your efforts to reduce taxes?

The following is taken from the response of one mid-western retailer who was placed in that position:

I know of no right, either legal or moral, entitling an association of governmental employees to interrogate (or intimidate) a private citizen and taxpayer as to his views on a public question. Your peremptory demand suggests that you are superior to the people and that there is some inherent wrong in holding views not approved by public employees.

There ought to be a Distinguished Service Cross for peace-time service.

EDITOR HANNA, of the Chicago *Journal of Commerce*, presents another example of a costly national habit:

In the St. Joseph Livestock Exchange, the Department of Agriculture maintains a force of seven persons in the market news service . . . at a cost of about \$25,000 a year.

Before the Department of Agriculture took over the market news service at this exchange, the secretary and one clerk did all the work at a cost of \$2,400 a year.

AFTER a holiday of some six weeks from radio talking, I began again over the National Broadcasting Company's system at 7:15 p.m. on Saturday, November 26, and shall continue to speak every Saturday evening.

I told a friend—at least I'd always thought him a friend—about it and he said: "Well, that's fine. You'll follow Amos 'n' Andy. I always thought it must be an advantage to follow a good program before

folks have time to turn the radio off."

Somehow I didn't like the way he stressed the word "good." And anyway, before my first broadcast, Amos 'n' Andy went off the air on Saturdays. Nevertheless I'm going on with the plan and there's nothing I'd like better than to get from NATION'S BUSINESS readers suggestions as to topics I might discuss.

OUTSTANDING bureaucratic contributions of the month:

"The keeping of meat in the household refrigerator is a subject of concern to the housewife," according to the Department of Agriculture's Bureau of Home Economics.

"One of the recognized methods of preventing hay fever," says the Public Health Service, "is that of passing the hay-fever season in some locality in which the patient finds relief."

Prescribing for the Street Car

(Continued from page 36)

Chamber itself can be depended upon to do all that is possible to keep alive the spirit of the resolution. But the matter now becomes a local issue and success in the solution of local transportation problems will follow in just such measure as transportation executives apply themselves to the task in their own individual communities."

On the committee which made the report were:

Chester I. Barnard, (Chairman), Newark, president, New Jersey Bell Telephone Company.

A. J. Brosseau, New York, president, Mack Trucks, Inc.

G. H. Clifford, New York, president, Stone & Webster Service Corporation.

W. W. Cloud, Baltimore, president, National Association of Taxicab Owners.

L. F. Eppich, Denver, president, L. F. Eppich, Inc., formerly president, National Association of Real Estate Boards.

Howard W. Fenton, Chicago, president, Harris Trust & Savings Bank.

Henry I. Harriman, Boston, president, Chamber of Commerce of the United States.

E. R. Johnson, Roanoke, Va., president, Roanoke Securities Corporation.

Alfred B. Koch, Toledo, president, The LaSalle & Koch Company.

John B. Lear, Philadelphia, vice-president, National Association of Building Owners and Managers.

W. B. McEwen, High Point, N. C., president, McEwen Lumber Company.

Lee L. Miles, Louisville, president, Louisville Taxicab & Transfer Company.

Garrett T. Seely, Chicago, vice-president and general manager, Chicago Motor Coach Company.

John N. Shannahan, Omaha, president, Omaha & Council Bluffs Street Railway Company; formerly president American Electric Railway Association.

D. L. Turner, New York, formerly chief engineer, New York Public Service Commission.



Why let it come to this?

● The time to stop a fire is at the start...The records of the National Fire Prevention Association report tremendous losses, due to fire and water, directly chargeable to DELAYED ALARMS!

● When a building is protected against fire by an A. D. T. automatic protection system, the first tongue of flame causes an alarm to be flashed, with lightning speed, to the A. D. T. Central Station and the nearest Fire Department...not a moment is wasted.

● A. D. T. automatic fire detection and reporting systems are providing greater safety in thousands of buildings—sprinklered and unsprinklered! They effect important economies as well!

● Give A. D. T. the job of safeguarding your premises...You'll find A. D. T. a super-watchman—on duty in all parts of your building at the same time—24 hours a day—every day of the year...a watchman who never sleeps...never gets excited...and who never hesitates when fire strikes.

● A. D. T. is a nation-wide organization for protection against fire and theft. Send for more information...Find out how you stand in this matter of protection—what A. D. T. can do for your security and safety. No obligation.



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Please send me booklets describing your Automatic Protection Systems.

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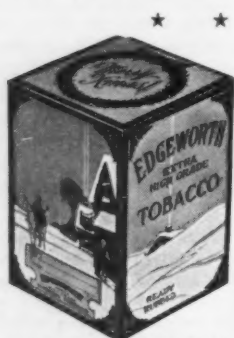
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Here's the way to bring XMAS JOY to SMOKERS



THIS handsome one-pound glass humidor of fresh Edgeworth Ready-Rubbed Smoking Tobacco makes a welcome Christmas gift. You can't go wrong in giving Edgeworth. The glass humidor will be permanently prized by the smoker for keeping his tobacco fresh.



THE one-pound humidor tin, especially wrapped to make an attractive gift. Filled with cool slow-burning Edgeworth Ready-Rubbed in perfect smoking condition. Edgeworth Ready-Rubbed is also sold in pound vacuum packed tins. These are best for your friends who live in high altitudes or at a great distance.

or for only...75¢

THIS half-pound tin of Edgeworth Ready-Rubbed makes an attractive, inexpensive present in its bright gift carton. Also sold in half-pound vacuum packed tins. Edgeworth Plug Slice also in half-pounds. All in attractive Christmas cartons.

Ask your nearest dealer to show you these Christmas packages. If he cannot supply you, send us your order for the packages you want, with remittance, the names and addresses of those you wish to remember, and your card of greeting for each friend. All delivery charges prepaid. Please be careful to specify Edgeworth Ready-Rubbed or Edgeworth Plug Slice. Address Larus & Bro. Company, 119 South 22d Street, Richmond, Va. Thank you—and a Merry Christmas.

When writing please mention Nation's Business



THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

"And"

ON the high seas, with a clear sky, it is safe to let the engineer go full speed ahead with a common sailor at the wheel. But in a storm, the wise captain calls on engineer AND pilot, on officers AND crew.

In times like these business calls on ALL of the powers of modern advertising. It calls on Promotion AND Publicity AND . . .

The great value of modern advertising lies in that word "AND"—in its coordinating power—in its insistence on continuity—production AND distribution, making AND selling, advertising AND consumption—these are natural units.

Business faces new obstacles, and advertising has prepared new methods of surmounting them. Frank discussion with pilot AND engineer AND officers will help the captain bring his business ship safely to port.

For years the advertising wheel in the business machine has been dropped into the gears, regardless of its drain on power or of the danger of tooth stripping. Speed was the sole aim.

A few business engineers discovered that advertising had built some more wheels, and these were somewhat timorously used. There was a synchronizing gear of Market Knowledge that helped to equalize supply and demand in production; there was a governing gear of Brand Acceptance that maintained quality of output; there was a reducing gear of Sales Operation that made for economical and profitable running of the business engine.

Modern business men are growing engineering minded. They are considering as never before the mechanical perfection of their business machinery. They are studying to mesh-in properly, smoothly, scientifically, all of the gears that belong to that engine. Therein lies the salvation of business—and of that vital factor of modern business—

MODERN ADVERTISING.

C. C. YOUNGGREEN, Vice-President
McJunkin Advertising Company,
Former President
International Advertising Assn.

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